



Shaping Change The Future is Now

Sustainability Report 2021

there is no planet b.



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Please note that, on grounds of readability, generic plural pronouns have been used in relation to personal titles and concepts.
This abbreviated form of language is solely for editorial reasons, and implies no judgment.



Left to right:

Holger Pflieger, Chief Investment Officer (CIO), Thorsten Eitle, founder and Chief Sales Officer (CSO), Thomas Tschirf, Chief Financial Officer (CFO), Dr. Alexander Zhou, Chief Project Officer (CPO), Christian Hamann, Chief Executive Officer (CEO), and Matthias Hamann, founder and Chief Technical Officer (CTO)

Introduction

Highlights 2021

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Business Units



Foreword

Dear Reader,

The coronavirus pandemic has led us to rather lose sight of important issues such as climate change – with fatal consequences. The timeframe for limiting global warming to an acceptable level is becoming ever smaller. There are fears that the global political agreements will not be sufficient to avert the pending climate catastrophe. Rapid, pragmatic action is required.

There is no question that mitigating the effects of climate change is a mammoth task. If we face up to this challenge together, though, positive change is possible. Business and society are equally called upon to respond immediately and comprehensively.

It's about each and every one of us. We are part of the problem and part of the solution. In our everyday life, and in the things that we do, we decide what the world of tomorrow will look like. So let's make it one worth living in!

Energized into the future

At hep, we work on transforming the energy system. As a world-leading company in the solar energy and solar investment sectors, we know that global ecological and social challenges such as climate change demand a speedy response. A viable energy system that is based on renewable energy sources is the core of a sustainable future. Our business model enables us to play a small part in that future day by day – and with success.

That we are on the right path is also demonstrated by our figures for 2021. Within the last 12 months, we have connected 5 new solar parks to the grid, more than 600 new investors chose us in 2021, while our team has been strengthened with the addition of 16 new staff, and our assets under management including managed third-party capital have risen to over 300 million euros.

Over the last year we have launched two new offerings on the market in the form of our product "hep yolar - Your solar park on your own company's roof" and the Green Bond issued by hep global GmbH, both of them meeting with a huge response. The Green Bond issue was fully subscribed within a very short space of time, with demand far exceeding supply. We have already received a large number of orders and inquiries for hep yolar, too, mainly from small and mid-sized enterprises from rural areas which are looking for a sustainable and economic way of meeting their energy needs. You can read more about exactly what hep yolar offers on page 30.

We are pioneers of a sustainable energy system. That's something to be proud of.



Christian Hamann
Chief Executive Officer (CEO)



Thorsten Eitle
Chief Sales Officer (CSO)



Thanks

This report presents a detailed and wide-ranging overview of the sustainability activities of the hep Group. In creating it, the aim was to bring together many different data points from the various parts of the business and to capture and structure the dynamics of the whole organization in small and larger individual measures. The management team would therefore like to thank all those who were involved in this process – particularly, though, our former employee Laura Müller, whose persistence, perseverance, and precision were key to significant parts of the report.

Highlights 2021

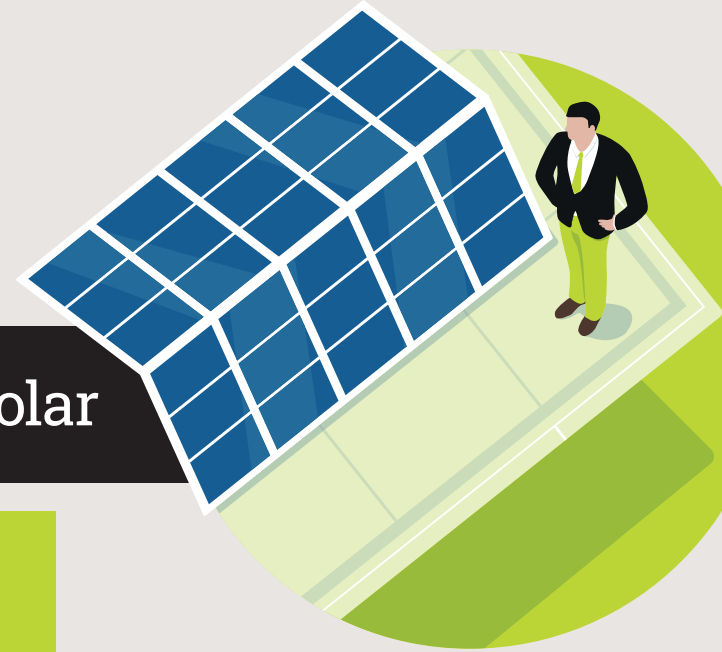
Rapid growth
in assets under
management

16
new
employees

• **hep yolar**

Over
600
new investors

Number of
cooperative
education students
doubled



About this Report

The journey continues

The first sustainability report was a key step in the company's history. It met with an enormously positive response from all our stakeholders and even opened up new business opportunities for us. The sustainability report was a positive factor influencing the Green Bond certification of the hep corporate bond issued in March. This success motivates and encourages us to continue consistently down the path we have taken of establishing a holistic approach to sustainability.

As before, our overriding aim is, through regular reporting,

- to identify the company's key points of contact with sustainability-related issues;
- to measure the company's own contribution to sustainable development using key ratios; and
- to communicate clearly formulated sustainability goals transparently.

To that end, last year we laid a solid foundation of content and methods on which this report is built. At its core are the methods developed across all departments last year and the defined key ratios. In this report we can, for the first time, point to developments in many areas.

Structure of the report

The sustainability report describes the influence on, and handling, of issues relating to the environment and climate, society

and governance. It contains key ratios, targets and measures by which hep addresses these sustainability issues.

The scope of content essentially covers the entire corporate group, including the foreign sites. At the places indicated, the key ratios and measures relate solely to the individual locations, notably to the headquarters in Göglingen. The key ratios given in the text are geared to Global Reporting Initiative (GRI)¹ standards. Given the need to expand data availability, however, this report does not include all the key ratios required under the GRI. The GRI key ratios are supplemented with internal key ratios that were considered relevant.

For the coming reporting period, the 2022 calendar year, we have set ourselves the goal of refining the strategic approach and the collection of data. Particular focus will be placed on the integration of sustainability aspects into the company's strategy.

The timeframe of the sustainability report and all the key ratios it contains corresponds to the 2021 calendar year.

The report is available in German and English.

Note

Last year we indicated the CO₂ savings of our solar power compared with conventionally generated power. These figures are not stated in this report because we are currently reviewing the methodological process.

¹ <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-german-translations/>

About hep



Corporate Philosophy

The whole value chain of solar energy from a single source: that's hep. We generate sustainable electricity across the world from the power of the sun. We also develop, build, operate, and finance solar parks across the world. And we have been doing so since as far back as 2008. We combine high-tech know-how with maximum competence in the financial sector. With our BaFin-regulated capital management company and its investment products, we offer our investors on the German investment market the opportunity to take a stake in the global expansion of a sustainable energy system, all in keeping with our motto: more solar energy, less CO₂.

We act responsibly

Sustainability is not just a leitmotif for us, but part and parcel of our understanding of who we are as a company. With our primary business purpose, our strategy and our values-oriented management culture, we at hep are already an enterprise that has a long-term mindset and is achieving rapid growth. In everything that we do, we seek to treat our employees, business partners and all other stakeholders with trust and respect.

As a signatory to the United Nations Principles for Responsible Investment (UN PRI) and a member of the Forum für nach-

haltige Geldanlagen (FNG), an industry association promoting sustainable investment, we are actively committed to a viable financial sector.

That is our path to a future worth living. That is hep.

CASE STUDY: The new location

Ideas need space in which to grow. In 2024, hep's head office will be moved from Güglingen, Baden-Württemberg, to the nearby Eppingen, where a new complex of buildings is currently under construction. From design through functionality to the utilization concept, the new site follows a holistic approach to sustainability. Importance is attached not just to ecological criteria, though: the innovative interior layout is intended to encourage social interaction in many different ways. To that end new ways of working work are being integrated into the plans in terms of criteria for the arrangement of the workstations, the design of the conference rooms, and the lounge and canteen areas.

Signatory of:





Strategic Approach

Our Approach to Sustainability
Materiality



Our Approach to Sustainability

Holistic sustainability – in the big and the small, inwardly as well as outwardly, transparent and structured – that is our aspiration. That is why we seek to anchor the material sustainability issues firmly in our general business strategy and to communicate them transparently with the aid of measurable key ratios. We want to continue down the path we have taken, always with our overriding corporate goal in sight: to integrate sustainability management at senior management level by 2025 – a huge challenge. We are meeting this together, step by step.

Step by step

Over the last 12 months we have taken important steps towards sustainable corporate development and the establishment of a strategic sustainability management system. That includes the creation of a dedicated Corporate Sustainable Strategy staff unit, which will report directly to senior management and commence its work at the start of 2022. Its aim is to develop a strategic sustainability concept that is integrated into the general business strategy, and also includes an expansion of sustainability reporting with further key ratios and to all parts of the company. In taking this approach, hep seeks to make the impact of sustainability measurable in a range of dimensions in order to offer investors, employees and supervisory authorities maximum transparency over the effectiveness of the business model. Another element in achieving this goal will be to put an ESG committee in place in the course of 2022. Alongside general powers to issue guidelines, it will also ensure the integrity of business policy decisions concerning the issue of sustainability across the Group.

A further key focus in 2021 was the use of digitalization to record and structure Group-wide processes. At the same time, we wanted to expand our global business activities and inte-

grate the companies we have acquired into our processes. We have taken a huge step forward in both of these areas with the creation of the new IT & Processes department.

A milestone toward the establishment of sustainable procurement was also reached with the centralization of operational purchasing. Assisted by our digitalization strategy, this will enable material flows to be tracked and controlled even better in the future. Work on a sustainable and transparent supplier management system is to be stepped up in the coming year.

The expansion of the “hep yolar – Your solar park on your own company’s roof” product portfolio is far more than just a strategic broadening of the hep product portfolio. The undeveloped space owned by companies offers huge potential for a reduction in greenhouse gases on the road toward progressive decentralization of the energy sector. hep yolar was developed specially for the generation of sustainable solar power by individual businesses, whether using an otherwise empty roof or a front lawn, and is meeting with a positive response.

Sustainability plays a significant role in the financial sector. A comprehensive set of rules establishing the framework for the next few years has been created with the EU Taxonomy and Disclosure Regulation. hep has been considering its implementation with a dedicated interdisciplinary project group, formed in 2021, which also includes executives. It is defining priorities, drawing up implementation strategies, and putting in place a downstream reporting system. At the same time, our financial experts are working on suitable financial products that are appropriate to the varied regulatory requirements in the sustainability sector. These financial products will, as usual, be

consistent with the ecological, economic, and social aspirations of the investors.

Creating an awareness of sustainability issues across the company is a key part of our strategic approach. That includes the regular examination of sustainability aspects on our internal and external communication channels and the specifically informal attention given to these aspects in the individual departments.

Materiality

The materiality analysis conducted in December 2020 also serves as a basis for determining the key sustainability issues and the key stakeholders for the purposes of this report. It was conducted jointly by senior management and executives from the core departments of the company. The methods and results are described in detail in the [Annex](#). In addition, this year all participants were again asked whether further key sustainability issues and key stakeholders had been added, or whether priorities had changed.

Key stakeholders

hep's key stakeholders notably include current and future employees, (potential) investors, subcontractors, suppliers of our solar park components, local authorities, landowners, regulatory authorities, sales partners/agents, and banks/lenders.

Other stakeholders include project developers, competitors, the hep sports team, the public/NGOs, interest groups, state bodies, and other business partners.



Stakeholders added in 2021 are marked with *.

Key sustainability issues

The following are considered of key importance:

- Corporate activities having a decisive negative or positive effect on aspects of sustainability
- Aspects of sustainability impacting notably on corporate activities
- Aspects of sustainability which either have special importance for stakeholders in their decision-taking or shape their relationship with hep

In terms of the **environment**, the focus was on the solar parks. Particularly important was “reducing greenhouse gas emissions by producing renewable energy in our solar parks”. The second key environment-related issue is “use of resources and procurement when building solar parks”. This includes, firstly, how resources are used, which in addition to the use of space

and intrusions into the natural environment also involves creating areas as offset and examining sites for dual use, for instance as agricultural land (agri-photovoltaics). Secondly, it also includes procurement of our solar park components, where the subsidiary issues of modular efficiency and supplier selection based on environmental criteria are relevant. By comparison, environmental issues at company level relating to our daily activity and work in the office building recede into the background.

“hep as employer” and “supplier management” are the key sustainability issues for hep with regard to **society**. The sustainability issue of “hep as employer” covers the areas of working conditions, work safety, health protection, diversity, training, and CPD, among others. “Supplier management” primarily includes supplier selection based on criteria relating to the company (such as the working conditions there) and checks

on compliance with standards under employment law.

Key issues identified for the area of **governance** were “principles for procurement and construction” and “monitoring and risk avoidance”. The “principles for procurement and construction” include aspects such as quality, longevity and processes and strategies. With “monitoring and risk avoidance”, the focus is on the underlying sustainability issues of compliance and risk management.

The theme of **digitalization** held primary importance across all sustainability issues and was identified as a seventh key sustainability issue.

 Information marked with this symbol is an element of digitalization at hep.

Key sustainability Issues at hep

Environment	Society	Governance
Greenhouse gas emissions (reduction) from solar parks	hep as employer	Principles for procurement and construction
Use of resources and procurement when building solar parks	Supplier management	Monitoring and risk avoidance
Digitalization 		

All 17 higher-level sustainability issues, with examples of the subsidiary aspects, are listed in the Annex.

—> [Link to Annex](#)



Governance and Process Management

Binding Values
Sound Company Management
Stakeholder Engagement
Processes and Digitalization
Compliance and Anti-corruption
Risk Management and Monitoring
Incentive Systems / Remuneration
Political Influence



Binding Values

Sustainability, innovation and community have been the three core values of hep and an expression of our corporate philosophy since 2019. We live out these values day after day – and what lives also changes. We believe it is important to reflect these natural processes of change in our vision too, which is why we will be exploring our corporate values together in interactive workshops over the next few months.

Sustainability

For us, sustainability means much more than economic value-added that is geared for the long term. We want to keep our planet as a place we can live in – for us and for future generations. With climate-friendly electricity, our solar parks are contributing to the long-term solution of one of the most pressing challenges for society: protecting the environment by expanding renewable energies.



Innovation

We love a challenge. Together, working with ambition, bravery and care, we succeed in finding new solutions. Our holistic business model (encompassing development, construction, operation and financing) is our strength. And we achieve the ambitions we set for ourselves. We were, for instance, one of the first foreign investors and project developers in the Japanese and UK solar markets.



Community

Our success is founded on the commitment of our teams in Germany, Japan, and the USA, with all their creativity, diversity, inspiration and passion. We live out fairness, tolerance and respect. Collaboration, regular knowledge-sharing and continuous professional development are important to us. As such, we are already thinking of the future and offering posts to cooperative education students.



Sound Company Management

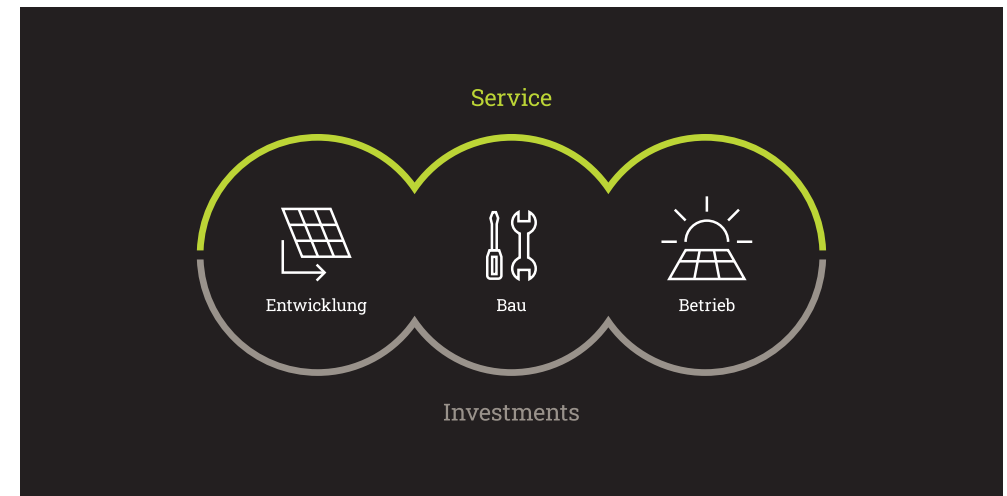
Sustainability, innovation and community – these are the values that hep embodies. Not just in what we do, but also in our management culture. As a company, we want to act with social and ecological responsibility while achieving economic success at the same time.

We want to achieve this goal together with our employees. We will be able to do so through suitable structures and processes alongside efficient management that involves our employees in the decision-making process. Building trust in our relationships and regular interactions with employees, investors, and suppliers is particularly important to us. To that end hep offers a wide range of communication options that allow ideas and wishes to be filtered actively into business development.

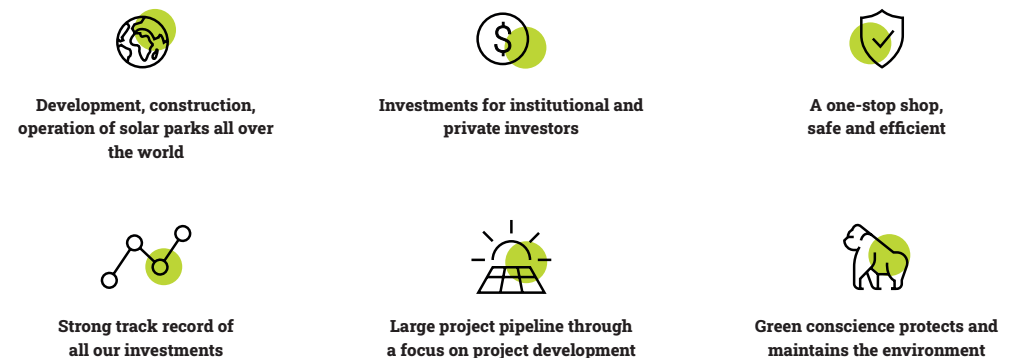
Comprehensive and holistic

Strategic responsibility for sustainability at hep sits with senior management. It ensures that sustainability is taken into consideration in business decisions and underlines the key importance of this issue by specifying “sustainability” as a corporate value.

hep is well aware of the enormous complexity of sustainability management, which is why we created the Corporate Sustainable Strategy staff unit last year. Its task will be to coordinate the issue of sustainability along all hep functions and ensure the consistent, company-wide implementation of sustainable processes through a coherent strategic approach. An accompanying reporting and key ratio system is intended to deliver measurability and transparency. The staff unit will report directly to senior management on this.



Our holistic approach



hep – from southwest Germany to the world

Our headquarters is located in southwest Germany. From there, we develop, plan, and monitor solar projects across the world. Political and economic stability and a suitable sense of values are fundamental prerequisites for developing target markets and the resulting investments. When choosing suppliers, technical components and construction materials, our focus is on safety, reliability, and durability. Fair pay, good working conditions, and comprehensive occupational safety and health are a matter of course for us. Wherever possible, we work with local companies and use regional materials when building solar parks, ensuring that local value-added is supported and transport emissions are minimized. In addition, we always employ methods having the least impact on the environment and use the most efficient technologies for solar modules in order to keep the space used to a minimum.

hep is aware that only satisfied employees are best able to contribute to the company's success and value-added. That's why hep places great value on supporting its own employees in order to guarantee long-term employment. We promote employee satisfaction through various benefits such as a company pension scheme, subsidized company fitness, regional and sustainable catering, team events, and flexible working time models. This concept is rounded off by an informal corporate culture and open-door approach.

From the top down, our management culture is characterized by flat hierarchies and short decision paths. Employee ideas and suggestions for improvements are always welcome as we seek to continuously optimize our internal processes.

In addition to employee satisfaction, investor satisfaction in particular is also vitally important to hep's success. Accordingly, we place great value on the quality of our investor management. In 2021, there was just one complaint from investors, which we were able to resolve immediately and to the investor's satisfaction. Across all AIFs there were only eight instances of declarations of enrollment being withdrawn. In seven cases investors withdrew for personal reasons, and in the other hep canceled because no payment had been received.

To give even greater relevance to the issue of sustainability at hep beyond specifying it as a corporate value, in 2020 hep signed the "Principles for Responsible Investment" (UN PRI) and joined the "Forum Nachhaltiger Geldanlagen" (FNG), an industry association promoting sustainable investment.

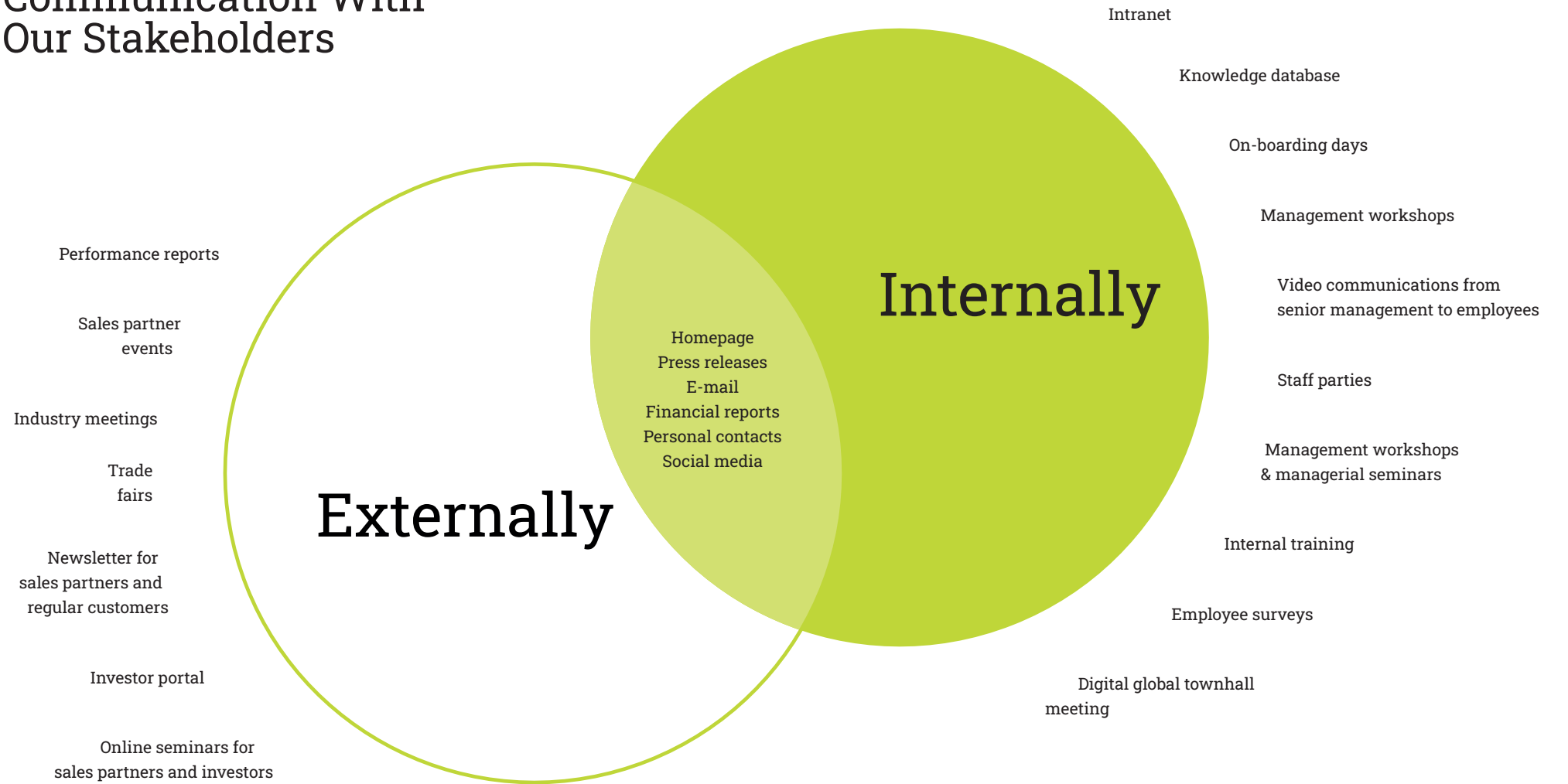
As a member of both initiatives and through this sustainability report, hep aims to provide transparency for investors, employees, and other stakeholders.

Stakeholder engagement

As part of our business activity and corporate engagement, hep maintains constant dialog with all stakeholders. In doing so, we seek to recognize, understand and incorporate into our business and decision-making processes the growing demands and expectations of our company's sustainable development. hep ensures transparency over its own actions through extensive publicity work and active exchanges with stakeholders.

In the company, we place great value on our lived collaborations and on constant dialog with one another. Wherever possible, we seek direct contact with our stakeholders – both internal and external.

Communication With Our Stakeholders



Direct and proactive interaction

Home working due to coronavirus, along with the rising number of internal and external stakeholders across the world, have combined to highlight the need for digital communication formats. That is why we both created new products aimed at specific target groups and improved existing ones last year. In the investment sector, for instance, we have created a digital sales partner portal and revamped the existing investor portal for private clients. The portals enable users to get in touch with us, retrieve documents, and find out about the latest developments from hep – at any time, and wherever they are located. In addition, with “hep direct” we are for the first time giving private investors a chance to invest digitally and entirely independently in our range of solar investment products. The personal touch is enormously important when it comes to dealing with our financial intermediaries especially. To offer the opportunity for direct interaction, we took part in 40 live formats last year despite the more difficult conditions.

Together we are developing a uniform, cross-departmental data management system in the technical areas relating to global development and the construction and operation of our solar parks. The aim is to distribute all information in an effi-

cient, focused, and transparent manner so that the expansion of solar energy can be driven speedily and successfully.

The active inclusion of staff in operational and strategic decision-making processes is something that is very close to our hearts as an agile company. That is why the introduction of a digital ideas management system was an important goal for last year. We have taken and implemented a number of measures to that end.

They include the following:

- The introduction of “hep Now”, a new interactive video format for cross-border interaction between all employees and senior management
- The performance of online surveys on the design of the new company headquarters and the incorporation of the results into the building plans
- The possibility of suggesting additional services at the workplace that make everyday life easier
- The installation of an anonymous feedback system, the “Spannungskasten”, or “junction box”



Processes and Digitalization

Digitalization across all areas of the company, from procurement through communication to financial sales, is an important pillar of our strategic approach to sustainability. Its implementation and process management is the responsibility of the IT & Processes department, which was established last year. Alongside an improvement in efficiency and quality, our many different digitalization measures are intended primarily to ensure that we grow with minimum impact on resources.

The issue of sustainability is to continue being integrated systematically into our internal and external processes. The digitalization, standardization and harmonization of a large number of business processes is a key means of achieving this goal. The expansion of our ERP system enables us not only to control capacity and demand more efficiently, but also to consider sustainability aspects in the individual processes. The aim of these measures is to allow hep to grow in an efficient and focused manner – and hence with minimum impact on resources.

The continuation of the pandemic into 2021 acted as a further driver of digitalization. Internally, we introduced new personnel management software which facilitates communication between the HR department and our employees while meeting the highest data protection and compliance standards. Next

year the personnel management software will be complemented with an applicant management system. The possibility of participating in e-learning programs has been retained. One of the important goals we achieved in 2021 was the introduction of contract management software. This now enables us to manage all contracts entirely digitally, delivering further improvements in transparency and efficiency.

For us, digitalization is not just restricted to internal matters: Increasingly, we are communicating digitally with our investors and sales partners as well. In 2021 we held 31 webinars informing 122 prospective investors of the investment products offered by hep. Our 26 digital sales seminars were attended by 117 sales partners, while we were represented at another 37 online events. One major digital addition was the introduction of the sales partner portal. We also took this opportunity to improve the functionality and layout of the investor portal, which some 30 percent of our investors used in 2020, the same proportion as the previous year. We will continue to expand our digital product range for investors and sales partners in the year ahead as well.

Compliance and Anti-corruption

Integrity, trustworthiness, and compliance with the law have the very highest priority at hep. Through the KVG and the associated management of our investors' monies especially, we at hep bear a special responsibility for sound company management. Clear ethical principles and living out those principles with integrity and in compliance with the law are a matter of course for us. For that reason, we have voluntarily rolled out key compliance policies and associated preventive and controlling measures to which the KVG is bound by law across the entire group. These policies are supplemented by codes of conduct, work instructions and process descriptions.

In 2021, no legal proceedings were initiated against hep or its employees for anticompetitive practices or breaches of anti-trust and monopoly law. No fines or non-monetary sanctions were imposed on hep companies for failing to comply with laws and regulations relating to companies and the conduct of the business.

Compliance measures

Our Compliance team consistently pursues the goal of ensuring that the legal requirements are observed comprehensively at hep and that the risk of any breach is kept as low as possible. In addition to suitable processes and controls, another focus of the work of the Compliance function is to raise employee

awareness.

Integrity and compliance with policies have the very highest priority at hep. That is why we introduced a group-wide Code of Conduct last year, publishing it on our [website](#). This voluntary undertaking emphasizes the high relevance of compliance. The principles of the Code of Conduct serve all internal and external stakeholders of hep as clear guidelines for integrity and professionalism in the way we conduct ourselves.

In addition, hep takes many measures to ensure awareness of appropriate conduct. Every employee at its German site is made familiar with the compliance policies by the Compliance Officer during the induction event. hep is working to integrate its foreign sites further into the compliance system.

Since 2020, all hep employees, executives, and managing directors have been given annual training on various compliance issues through e-learning courses. Last year, for instance, the topics of "codes of conduct" and "gifts and invitations" were covered. Specific departmental training is also provided, such as anti-money laundering courses for staff of the KVG, the sales force and relevant outsourcing functions. Policy changes are communicated by intranet or e-mail to all hep employees domestically and abroad.

Dealing with conflicts of interest

Mapping the full value-added chain – from development through to the construction, operation, and financing of solar parks – within the group can lead to conflicts of interest. This, together with the management of third-party assets, makes managing conflicts of interest a key focus of the compliance system. Accordingly, all contracts where a potential conflict of interest might exist are subjected to scrutiny and corresponding evaluation by the Compliance function. This process was standardized in 2021 through the expansion of our contract management software. Guidelines and rules of conduct which the relevant employees have undertaken to observe are set out in a Conflict of Interest Policy.

Data protection and security of information

hep manages highly sensitive information, such as investor data, so data protection and information security have a particularly high priority. The internal Data Protection Policy and IT Policy serve as the basis. These set out, for example, the data protection management system applicable for hep, along with information security processes compliant with privacy legislation. The policies are constantly updated and adapted to new circumstances, enabling us to ensure that our processes

are best able to deliver data protection. We also pay heed to data protection and information security when disseminating our offers. To give an example, the investor portal and the sales partner portal, as well as our website and the intranet, are operated from servers located in Germany. In consciously taking this decision, we aim to provide the best possible protection for particularly sensitive data.

Whether customer data, employee details or solar project plans, we take the greatest possible care to protect the information entrusted to us. For this reason we implement the particularly strict standards of information security for capital management companies throughout the company. To highlight their enormous importance, the IT & Processes department was established last year. hep's own Information Security Officer has already begun to implement the compendium of the German Federal Office for Information Security (BSI). Twenty-eight of the 54 requirements and recommendations for the protection of complex systems have already been put into effect. They are to be finalized in 2022. In addition, from next year we will be working with an external partner in order to continuously improve our holistic IT security system.

In 2021 hep did not receive any inquiries relating to the handling of customer-related data, nor did hep have to report any data protection incidents to the regional data protection authorities. Next year all staff will be made aware of data pro-

tection and information security requirements by means of a digital training course, as they were in 2020. We also intend to step up department-specific training on particular data protection and information security aspects such as communication over social media.

Whistleblowing

In the event of discrepancies, the Compliance Officer can be contacted by e-mail (compliance@hep.global), by post or by telephone. Discrepancies in this context could be possible culpable actions within hep companies or breaches of the legal provisions and internal policies. The Compliance Officer ensures the greatest possible confidentiality regarding the identity of whistleblowers. Our Compliance Policy sets out a standardized process that takes account of the legitimate interests of all concerned and enables and encourages the reporting of discrepancies whilst maintaining confidentiality.

Anti-corruption

Where corruption is suspected, this too can be reported using the process outlined above. In general, hep is exposed to a low risk of corruption. Firstly, hep only operates in countries (Germany, USA, Japan, UK, Canada) where there is a presumption of a low risk of corruption, according to the Transparency International Corruption Perceptions Index (CPI), which measures perceived corruption in politics, administration and the economy, broken down by country.² Furthermore, the fund is exclusively marketed in Germany. Germany comes out very well in the CPI, ranking 9th out of 180.

The overriding guideline for dealing with corruption is the →.

[Code of Conduct](#), which was introduced in 2021 and is published on the website. Among other things, it provides for customers and business partners to be selected solely on the basis of objective criteria. At hep, decisions concerning customers or business partners may never be taken in connection with benefits or other advantages. Inappropriate gifts and invitations and any other exercise of advantage that is capable of influencing decisions, or which gives the suggestion of influence, are to be avoided.

We have taken numerous measures to minimize the risk of corrupt acts. These include rules of conduct in relation to corruption which are primarily defined in the Benefits Policy. It specifies the upper limits on the value of gifts and invitations, for instance. Last year all hep employees across the world completed a mandatory e-learning course covering these issues. The Benefits Policy also states that all employees must provide the Compliance unit with proof of benefits received and given each year, which the Compliance unit will then check for appropriateness. Since 2019, all employees worldwide have been obliged to document all benefits given or received in a log book. More extensive rules are set out in the Code of Conduct and in the Conflict of Interest Policy. Last year no legal proceedings were brought against the company or employees in connection with corruption.

Operational purchasing has been centralized at hep since 2021. This standardization not only enhances efficiency, but also reduces the risk of corruption. The procurement process stipulates that every purchase order, regardless of the amount, must go through an approval process. This can comprise several steps, depending on the amount and type of the purchase order. Every order has to be approved by a head of department. From a certain level the approval of senior management is also required. The Strategic Purchasing department was created in 2021 with the aim of both realizing cost benefits through a consistent strategic purchasing process and identifying and minimizing risks along the supply chain. A supplier handbook is also being drafted with a view to further improving the transparency of dealings with suppliers.

² <https://www.transparency.de/cpi/>

Risk Management and Monitoring



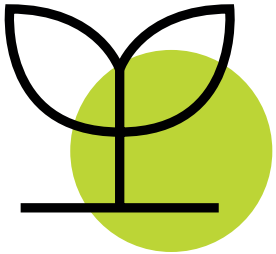
Sourcing electricity from the power of the sun offers many advantages from a climate and environmental perspective. Despite these advantages, business activities – especially the preparation of land, the erection of solar parks, the manufacture of the necessary components, and their delivery – can have a negative impact on the climate and environment. hep always seeks to ensure that natural resources are used responsibly.

hep has a Risk Management department which is responsible for identifying, quantifying, managing, and monitoring risks. It is particularly focused on the risk management policies of the KVG. In all its activities it liaises closely with the Compliance department. At hep, risks are factored into investment decisions through the stipulations of the risk management strategy and on the basis of a risk catalog. The consideration of sustainability risks has been anchored firmly in our risk strategy since 2021. As recommended by BaFin³, we do not

consider sustainability risks to be a separate type of risk. Rather, sustainability aspects influence the known risk types. Accordingly, sustainability risks are implicitly considered within the general risk management process. In 2022 we will work on further developing the methods, systems and reporting within the scope of an extensive ESG project.

hep also has other supervisory and monitoring structures, such as the supervisory board of the KVG and the internal audit unit. These supplement the risk management process. As in previous years, the internal audit activities of the KVG have been performed by an external outsourcing firm. In 2021 we also achieved our goal of establishing an internal group audit department. This will take over the audit functions for all business activities that do not fall within the scope of internal auditing in the KVG.

³ https://www.bafin.de/SharedDocs/Downloads/DE/Merkblatt/dl_mb_Nachhaltigkeitsrisiken.html



Sustainability Risks

Risks (including sustainability risks) are taken into consideration for investment decisions by the KVG, and assessed on the basis of a risk catalog. As recommended by BaFin⁴, the risk catalog implicitly also considers sustainability risks.

The sustainability risks are in principle divided into physical risks (risks associated with changing climate conditions) and transitory risks (risks that can arise from the shift to a sustainability-oriented economy). The expected level of loss for each identified risk is defined and assigned a given probability. This is, in turn, compared against a threshold value. A traffic-light system is then used as the basis for determining whether the level of loss is below (green), at (amber) or over (red) the threshold value. A total value is derived from the aggregation of the individual values and subsequently compared against the risk budget.

To ensure that social sustainability risks especially are also factored into the investment decision, transactions are not permitted if they would be considered impermissible or contrary

to law in Germany despite being permitted in the place where the photovoltaic installation is located (destination country), nor are transactions that breach the Code of Conduct of the companies, compliance requirements (governance) or ethical principles, nor transactions that result in disproportionately negative environmental impacts (environmental). The inurrence of risks by bypassing the four-eyes principle, and risks that are incompatible with the company's business model, are likewise not permitted (governance). ESG criteria are thus duly considered within the scope of sustainability management.

⁴ https://www.bafin.de/SharedDocs/Downloads/DE/Merkblatt/dl_mb_Nachhaltigkeitsrisiken.html

Incentive Systems / Remuneration Policy

Sustainable, long-term success in business is the priority for hep. Senior management requires every single individual to consider social and ecological criteria as well as business criteria when making day-to-day decisions.

Target agreements and remuneration of managers and employees are geared primarily to commercial key ratios. However, respect for and the promotion of sustainable action are fundamental requirements for all employees. In addition, incentive systems contains separate key ratios aimed at promoting hep's sustainability. As we refine our sustainability strategy, we will consider how we can tie variable elements of remuneration more closely to sustainable actions in the future.

hep's long-term success is particularly dependent on investor satisfaction. Accordingly, for example, the remuneration of sales employees is dependent on the number of cancellations

of enrollments and brokered contracts, amongst other things.

hep places the greatest value to the fair and appropriate remuneration of its employees in all areas of work and at all levels in the company. hep believes this is a key element in securing the long-term commitment of employees, which is why all employees receive a remuneration that is above the local minimum wage for the respective location.



Political Influence

We at hep generally refrain from all lobbying activities and the exercise of any political influence. There have been no donations or contracts for lobbying governments, parties or politicians, either in 2021 or in previous years.

This notwithstanding, various hep companies are members of business and industry associations. Individual employees and representatives of the company's management take part in events held in this context.





Environment & Climate

Our Contribution
Case Study



Clean, payable energy is the foundation of a healthy environment. The expansion of solar energy enables emissions of harmful greenhouse gases to be reduced while at the same time meeting the growing electricity demand of a rising global population.

Our many different solar projects allow us to play a part in preserving the beauty of our planet.

Our Contribution

The expansion of solar energy can help not only to improve the climate, but also to preserve habitats, giving future generations the opportunity to discover a planet worth living in. As a global company in the energy sector, hep's business activities give it an influence on the climate and environment. We want to contribute to the protection of the natural basis of life through predictive environmental management and to reduce negative impacts wherever possible. In waste management too, hep is keen to design processes that consume as few resources as possible. We also want to play a pioneering role in protecting the climate and environment with innovative solutions such as hep yolar, research into agri-photovoltaics (agri-PV), and second-use concepts for PV modules.


2021, like 2020, was a challenging year for the global economy.

Electricity yield
66,534 MWh

Capacity
1,310 MWp

Project pipeline
5.3 GWp

19
parks
operated by hep



As at December 31, 2021

1,310 MWp
hep track record

(Solar projects developed by hep, as at December 31, 2021)



The coronavirus pandemic and restrictions on trading led to massive shortages and delays all along the supply chain. Despite all these obstacles, hep managed to build five new parks and connect them to the electricity grid. That increases the number of solar parks we have built to 20, improving our track record from 800 MWp to 1310 MWp. Further parks are currently in the planning and construction phase.

In addition to the solar facilities it has already developed, hep also has a project pipeline. This contains projects in an early stage of planning that our experts in project development have identified as attractive options for future hep solar parks. Last year we enlarged the project pipeline from around 4500 MWp to 5300 GMWp.

Thinking globally, acting locally – decentralized power supply with the hep Group

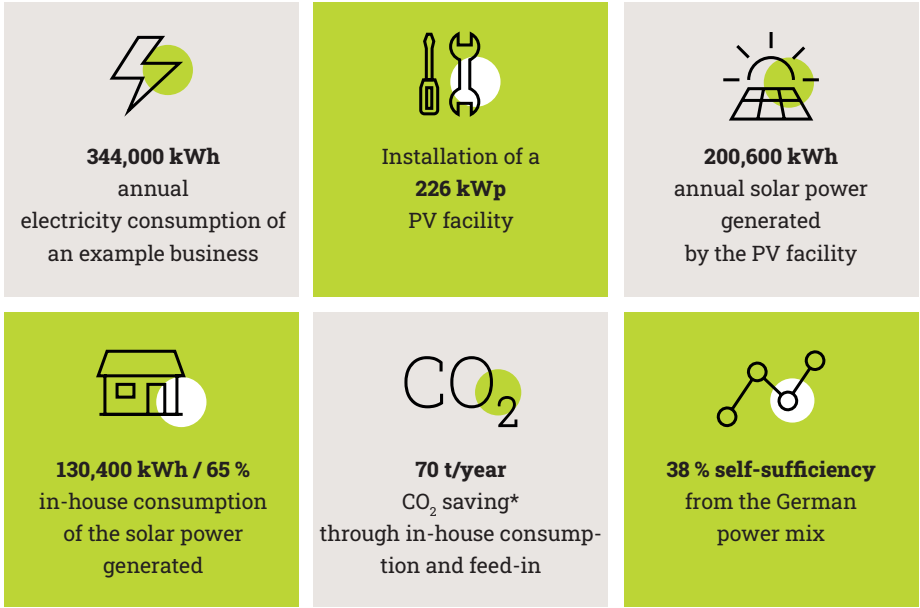
More and more private and public-sector organizations are done with waiting, and are instead coming together to develop climate protection solutions that can be implemented without any "big decisions". One such example from the USA is community solar models, the idea behind them being to turn the energy transition into reality on the doorstep with a community-owned solar park. A variety of electricity consumers, from private individuals through to businesses in a local area, share in the financing of a solar project. The electricity that is gen-

erated is also shared between them. Last year we successfully brought seven community solar projects on stream, delivering a total capacity of around 21 MWp. This is a small contribution to the decentralized energy transition, one that entirely fits the motto of "thinking globally, acting locally".

In Germany, where there is little land available, we have brought a special decentralized solution for climate-friendly electricity production onto the market in the form of hep yolar. Our leasing model allows previously unused industrial roofs and business premises to be converted into climate-friendly solar parks with little effort. The energy is used directly on site for power and heat generation, while the excess is fed into the local power grid. hep yolar enables small and mid-sized enterprises especially to reduce their CO₂ emissions and improve their carbon footprint in order to make a contribution to the energy transition. The product is meeting with a very positive response, with projects delivering about one MWp already in the planning stage. We have set ourselves the target of developing around 15 MWp of solar capacity with hep yolar next year.

Case Study

hep yolar: An example facility



* The CO₂ saving compares the saving of the hep yolar facility against the emis-
sions of the average German power mix.





Clean, payable energy is the foundation of a healthy environment. The expansion of solar energy enables emissions of harmful greenhouse gases to be reduced while at the same time meeting the growing electricity demand of a rising global population.

Our many different solar projects allow us to play a part in preserving the beauty of our planet.

Solar Park Construction and Operation

Materials Procurement
Use of Resources and Greenhouse Gas Emissions
Environmental Impacts
Our Day-to-day Activities
Use of Resources
Greenhouse Gas Emissions
Waste and Disposal
Energy and Heat Supply



Materials Procurement



To keep the overall use of materials as low as possible, we place great value on efficiency, longevity, and quality in their selection. We keep a particular eye on the solar park components that account for the greatest share of materials and costs, because the manufacture and transportation of these components contribute significantly to the greenhouse gas emissions in the upstream hep value chain.

The most important solar park components include:

- The solar modules to generate the electricity
- The steel and aluminum mounting frames for attaching the solar modules
- The inverters that convert the DC current produced in the solar module to AC

Wherever possible, we make use of local suppliers and regional

construction materials. This offers many benefits for the climate and environment: We can keep transport emissions low, while at the same time avoiding lengthy storage and thereby further reducing our consumption of resources. In addition, regional suppliers and construction firms are familiar with the climatic and spatial conditions on site, which means they can go about their work with as little impact on the environment as possible.

It is the task of hep's Strategic Purchasing department, which was created in 2021, to bundle the existing measures and integrate them into a climate and environmentally-friendly procurement strategy. We want to continue working on the expansion of such holistic, joined-up structures and processes in the years to come.

Use of Resources and Greenhouse Gas Emissions

The construction and operation of our solar parks utilize natural resources and produce greenhouse gas emissions. Taking the entire life cycle of a solar park into consideration, however, solar modules, for instance, produce a positive CO₂ balance. The respected research institute, ISE Fraunhofer, has calculated that after 1.6 years solar modules – depending on their type and place of installation – will already have generated more energy than was consumed in their manufacture. Over a 25 to 30 year lifespan, that means up to 15 times as much energy. Their manufacture requires less energy compared to conventional techniques for producing electricity. It takes around 20 grams of CO₂ to generate one kilowatt-hour of solar energy from photovoltaic modules. By comparison, energy from brown coal emits 1000 grams of CO₂.⁵

At hep, we also strive for a procurement strategy and construction methods that are as easy on the climate and resources as possible. The use of resources and transport-related greenhouse gas emissions, for instance, play an important role when hep plans its solar parks. In 2020 our experts began to look for ways of reducing even further the potentially detrimental effects of preparing land for solar parks, and will continue this work next year.

One of the outcomes of this continuous improvement process is that since 2021 we have been proactively involving our business partners in planning the construction of the solar parks, because they are the ones most familiar with the materials

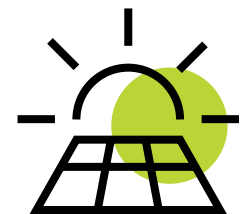
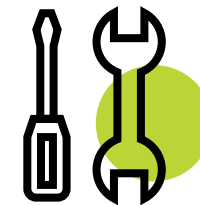
and their properties. Together we bundle the greatest possible expertise, implementing our aspiration of “minimal use of resources, maximum electricity yield for the best possible climate protection” with the utmost diligence.

We are also developing concepts to reduce the use of materials in the solar module substructures, which are made from energy-intensive material. In taking these measures we are seeking to achieve a sustainable improvement in the efficiency of our solar parks. The further development of both processes will continue to play an important role next year.

At hep, we are always on the search for new solutions that will improve the utilization of resources in the construction and operation of our solar parks. We want to proceed boldly and trial innovative business concepts, both alone and with professional partners. The sparing use of material resources and the maintenance of valuable substance recycling are important to us. Even in the purchasing process, we focus on the quality and longevity of the materials and products we use. Wherever possible, we repair defects or replace subcomponents. Only when this is no longer possible do we resort to local recycling points for proper disposal.

We took another step forward in 2021, asking ourselves how to make the best possible use of solar modules after the end of their service in one of our parks. We have already taken the first steps toward answering this question by finding an expert

in PV module recycling. We will deepen this cooperation in the coming year with the aim of developing an optimum way of recycling PV modules to reduce the consumption of resources.



⁵ More information can be found at <https://www.ise.fraunhofer.de/de/veroeffentlichungen/studien/aktuelle-fakten-zur-photovoltaik-in-deutschland.html> (as at December 05, 2021)

Environmental Impacts

As our major business activity, the construction and operation of solar parks mean that we interact enormously with the environment. Firstly, their expansion makes a huge contribution toward reducing climate change. Secondly, the construction and operation of solar parks have an impact on the structure of flora and fauna. As we plan, build and operate our parks ourselves, however, we have the opportunity to develop and realize comprehensive, long-term concepts. We aim to keep the negative impact on sites as low as possible. By taking voluntary measures, we want to have a positive influence on species diversity in our solar parks.

All our sites are subject to stringent legal requirements on environmental protection and the method of construction. Before starting construction, we obtain comprehensive environmental reports to comply with the legal framework. We do so in close consultation with local nature conservation bodies and all other interest groups involved, scrutinizing our solar parks for their negative environmental impacts. This also includes, where necessary, determining and delivering offsetting measures to improve the environment.

Often solar parks are protected spaces that cannot be touched for more than 15 years. Investigations have shown that the lack of disruption in existing solar parks, the absence of pesticides and fertilizers, and the extensive management, allow species-rich habitats to develop. We boost species diversity in our solar parks with voluntary measures that extend beyond legal requirements, because we want to make an active contribution toward improving solar parks as a habitat for plants and animals. In 2020, we replaced the fence around the Nordendorf solar park with hedges and shrubs so that the animals living

there can use the site as a wildlife corridor. In addition, last year we planted flower pastures and allowed the local beekeeper to use the area for his beehives. The usage concept for the Nordendorf solar park is thus supporting biodiversity at the site. Next year we intend to begin looking for such additional measures for our locations in the USA and Japan as well.

For our outdoor solar parks, we favor choosing fallow land, thereby upgrading unused areas without negatively impacting the natural habitat. Spremberg, our first solar park, was installed on a former military base, for instance. In Japan, three of the total of ten parks we operate ourselves, namely Kakogawa, Tatsuno and Shingu, are sited on vacant poultry farms. White Street, our first park in the USA, was built on a landfill facility.

With → [hep yolar](#), we are developing previously unused solar park capacity without taking up any further land at all. Dual use, such as on the roofs of industrial buildings and warehouses, means that no open space needs to be occupied, a particular advantage in densely populated countries such as Germany.

Double the harvest with agri-PV: In 2020 we started researching how to implement the innovative concept of agri-photo-voltaics (agri-PV). Agri-PV entails using agricultural land for foodstuff cultivation and solar power generation at the same time. This resource-efficient use of space benefits the climate and environment in many different ways. PV modules can protect the plants growing underneath them from hail, frost and drought – an important role given that significant weather events are an increasing threat in agriculture. At the same time, agri-PV allows the expansion of climate-friendly photo-



voltaics without any loss of fertile arable land as a resource for the production of food.

This is a viable business model with enormous potential that is giving the experts in hep's Project Development department significant cause for optimism going forward.. We are actively engaged in conversations with the research institute ISE Fraunhofer, which specializes in agri-PV, on the practicalities and legal issues surrounding implementation.

Our Day-to-day Activities

Don't just stand there, do something. For hep, environmentally-friendly, resource-sparing activities also have central importance in our day-to-day working life at our sites in the USA, Japan and Germany. We are aware that the influence we have as a provider of financial services, in the design of solar projects and the operation of our solar parks, and in all other administrative activities, naturally impacts the climate and environment to a far lesser extent than is the case with procurement and the construction of solar parks. Nevertheless, even administrative activities have an environmental impact, primarily through the consumption of energy, water and paper, and through waste disposal. Despite this relatively modest influence on the climate and environment, we at hep attach great importance to minimizing that influence in our day-to-day work and to favoring sustainability in the procurement of office materials.

As in the year before, in 2021 we again worked predominantly from home due to the coronavirus pandemic, reducing the number of in-person meetings. This meant that our office and travel activities had less of an impact on the climate and environment than the previous year. Last year we focused on digital communication measures in order to raise awareness of sustainability issues. These included a webinar for our part-

ners from financial sales, led by our hep Sports Team member Sebastian Kienle, a digital workshop with the juniors of the German youth triathlon team DTU, in which we discussed sustainability in the triathlon, and an internal communication campaign in which we drew the attention of our staff to ESG issues. For next year, we have set ourselves the goal of making greater use of our growing public profile to educate others on climate and environmental protection issues. To that end we will also be helping to deliver sustainability in the organization of two major sporting events, the "hep Triathlon Heilbronn powered by Audi" and the "Triathlon Challenge Roth powered by hep", as sponsor. We also intend to continue working on a strategic approach to tackling climate and environmental influences in day-to-day working life. In addition, we want to make our everyday activities even more efficient through the digitalization strategy and the centralization of procurement.

Our attention is currently focused on our headquarters in Güglingen, where 91 of our 155 employees work.



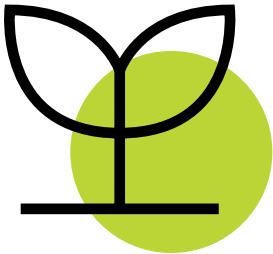
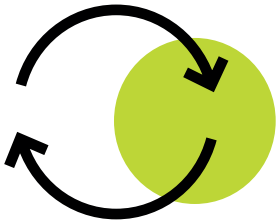
Use of Resources

As it did in the previous year, hep printed solely on recycled, Blue Angel-certified printer paper. The volume of paper created at the German site increased from 386 kg to 660 kg. The rise in consumption was due primarily to the sharp growth in the workforce and the expansion of our business activities. Not least for that reason, we are trying to limit consumption to the bare minimum.

In 2021 we also made changes in the printing all our advertising publications: From now on, the great majority of print products will be produced on recycled, Blue Angel-certified paper using energy-saving digital printing methods. By taking these measures, we have improved our performance in “paper consumption of sales partner and investor communication”, one of the areas identified as key. A further improvement in this regard was achieved through increasing digitalization. Not only did we introduce an online portal for the sales partners of our investment fund, for instance, but we also revamped the existing investor portal. Sales partners can now digitally receive and use all documents that had previously been sent by mail. That means the portal will not only facilitate communication, but also reduce paper consumption and transport emissions. One of the particular highlights of the investor portal is the expansion of the possibility of digital investment:

From 2022, private investors have been able to participate in the expansion of global solar energy paperlessly from home. The proportion of investors using the portal remains at 30 percent, the same as last year. We intend to increase the number of users still further next year by offering additional functions and improving user-friendliness.

At hep, it's quality that counts, not quantity. We restrict ourselves to a minimum of advertising material, and choose it carefully. To give an example, all our hep shirts and jute bags are made from fair traded, GOTS-certified organic cotton, our functional shirts from recycled polyester, and hep drinking bottles from sustainable plastic. The kit worn by our hep Sports Team athletes is produced entirely in Europe and shipped with the minimum of packaging.



Greenhouse Gas Emissions

We at hep consider ourselves to be a climate-friendly company. Together with our employees, we work constantly on reducing our own carbon footprint.

Many different efforts are being made to reduce the size of this footprint, chief among which is the expansion of low-emission forms of mobility. At our headquarters in Güglingen, we use the power of the sun not only to supply our heat and electricity, but also to refuel our hep fleet. The proportion of electric and hybrid vehicles it contains rose last year from around 30 percent to more than 36 percent. The expansion of digital cooperation enables us to reduce work-related journeys to a minimum, and we encourage our sales staff to travel by rail or use one of our pool vehicles with an electric drive. In 2021 around 6 % of all journeys on business were made by rail.⁶ Cycle parking spaces and showers are available for all employees commuting to work by bike. We want to encourage the use of bikes as a means of travel through regular campaigns, such as participation in the local "city cycling" competition.

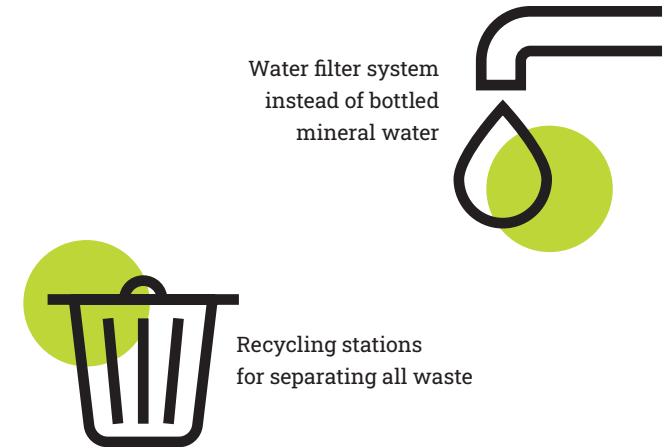
We will continue to work on reducing our company-wide emissions next year as well by considering further measures and implementing them as quickly as possible wherever feasible.

Waste and Disposal

We act preventively to avoid waste before it is even created. Unavoidable waste is separated at our recycling stations. Since last year, we have been storing office supplies and shipping materials solely at central points, and not – as previously – at the individual workstations as well. We predominantly use existing boxes rather than new ones to ship advertising material. To avoid unnecessary paper consumption, from next year new employees will only be issued business cards where necessary. We also factor the responsible use of packaging into the selection of our suppliers. The kit manufacturer of the hep Sports Team, for instance, dispenses entirely with plastic packaging. Lunches are filled in glass containers by a local catering firm in a reusable exchange system and brought here by electric car. We take the same route when collecting our unpacked fruit from a local farm once a week.

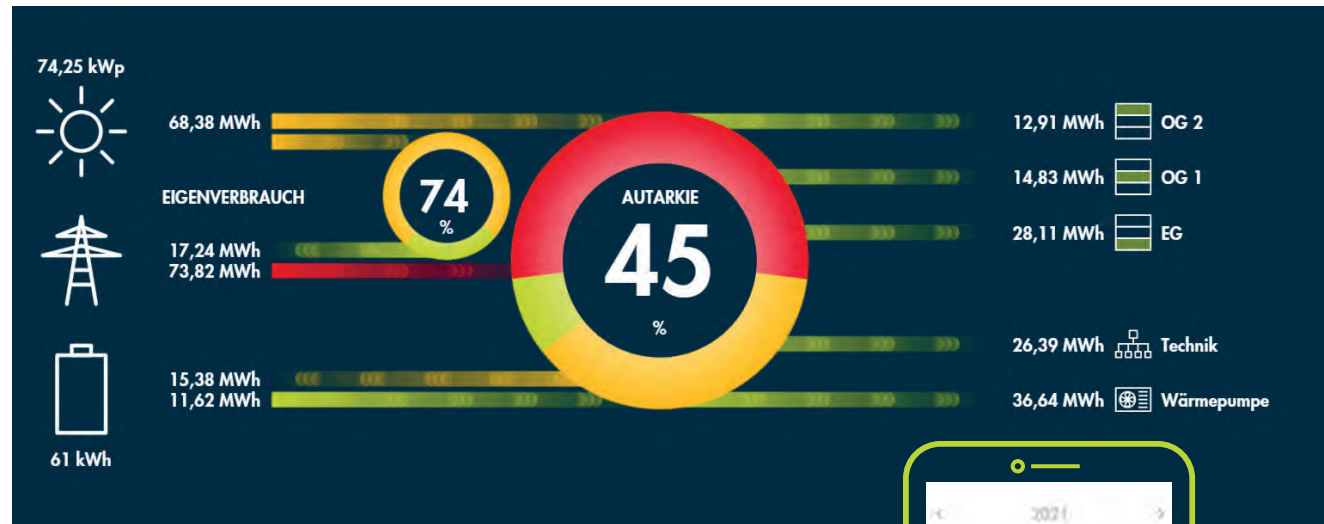
A water filter system in the main building replaces bottled mineral water. We provide regionally bottled mineral water in glass bottles free of charge in the temporary office containers.

We intend to consider and implement further climate and environmental protection measures next year also.



⁶ This figure was calculated using an expenditure-based method.

Energy and Heat Supply



2021 annual footprint for the photovoltaic system at the headquarters in Güglingen



At our headquarters, which was built in 2017, we meet 53 per-cent of our electricity needs from our own

photovoltaic system, which is located on the roofs of the building and in the carports. In addition to electricity, it also supplies the site with hot water which indirectly regulates the interior temperature of the building by means of a system of pipes, ensuring an optimum ambient climate throughout the year. In 2021, the solar system produced around 68.38 MWh of electricity. The additional 72,274 kWh of electricity required is sourced as green energy from a local energy provider. The servers on which we host our digital offerings, such as the website and the investor and sales partner portal, are operated solely with renewable energies.



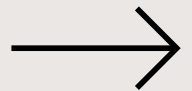
As a company and an employer, we are an active part of the global community. As such, we bear a huge social responsibility for our workforce, for our region and for society itself.

Fairness in our dealings with suppliers is a matter of importance for us. We work in many different ways to create an organizational culture that is open and respectful. Great importance is attached to preventive and occupational safety and health at all sites.

We also go above and beyond our own core business to engage globally in education and the environment, and in our home region of Heilbronn.

Society

Supplier Management
Employee Matters
Active and Committed



Supplier Management

Last year we struggled with global supply bottlenecks caused by the coronavirus pandemic and trading restrictions. Nevertheless, we were able to complete and connect five solar parks to the grid as planned. We managed to do so because we have built up a strong network of suppliers that is characterized by quality and reliability. Particular importance is attached to open communication on an equal footing – an approach that proves its worth not just in times of crisis.

We engage in constant dialog both internally and externally. As we take all the steps – from project planning through procurement of the solar park components all the way to construction and operation – ourselves, the departments are able to coordinate their activities closely in order to respond to current circumstances in the best possible way. This is supported by the centralization of operational purchasing, which was completed in 2020, along with the introduction of a new Enterprise Resource Planning software.

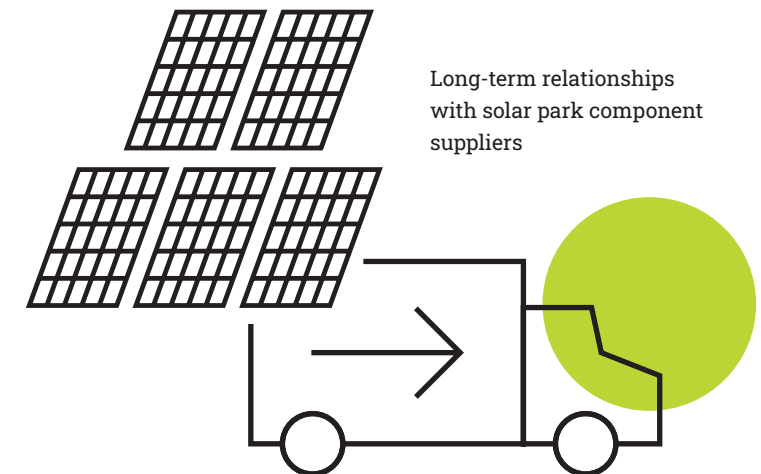
Following on from operational purchasing, we started to build up a Strategic Purchasing department in 2021. Particular priority in the future procurement strategy will be given to fulfilling social duties of care, which is why the Code of Conduct is to be made part of supply agreements concluded in the future. Further ESG criteria will also be integrated comprehensively into the supplier management system.



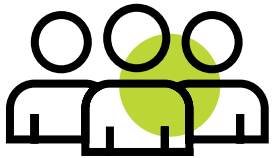
Weekly fresh fruit from the Walch farm in Gemmingen

The supplier survey envisaged for 2021 will be part of the test that every supplier of key solar components has to pass in order to be considered in the strategic procurement process. This test covers all aspects of a sustainable supply chain, such as human rights, labor standards, protecting the environment and combating corruption.

We have set ourselves the goal of drawing up a supplier handbook in 2022. The requirements it sets out will be binding for all suppliers. The supplier handbook will thus improve transparency, quality, and effectiveness in the operational procurement process.



Employee Matters



HR Strategy

hep's corporate value of "community" lies at the heart of our HR strategy, and is of central importance especially during the coronavirus pandemic. That is why we are promoting togetherness, a sense of community, and mutual interaction through targeted offers and measures with the aim of strengthening long-term loyalty from our staff.

We have reached an important milestone in the digitalization strategy with the introduction of a new, comprehensive personnel management system to facilitate and improve the flow of information between the workforce and the HR department. It will be complemented next year by a candidate management tool.

Creating flexible solutions: Even in the second year of coronavirus, hep insists on openness and flexibility when dealing with the infection situation. The aim is to find simple solutions together that meet the needs of the workforce. That includes both individual home office and working time regulations in order to reconcile work and looking after children, for instance, and a rapid return from mobile working so that it is easier to collaborate within and between the departments. The 16 new employees who joined us in 2021 also welcome this. Whatever the place of work, at hep working time is recorded on a time account and overtime is compensated in the form of money or time in lieu.

Sharing knowledge: We place great value on regular interac-

tion, which is why we expanded our communication options last year. Now, for instance, hep has a new, interactive digital online format. hep's senior management use this regular live stream to keep the global workforce informed. While this is going on, direct feedback can be given using a chat function. We also report on the latest news and everything you need to know about hep in the form of blog posts and short video clips on the intranet. All colleagues can contribute using this platform.

New employees at our German site are familiarized with all areas of the business and the colleagues who work there in a multi-day, on-boarding program, fostering a collegiate approach right from the first day at work. On-boarding takes place either online or in person, depending on the infection situation.

Feedback requested: As an employer, we think it is important to get to know the needs and wishes of our employees and to include them in future decisions. To that end we arrange annual one-to-one meetings with more than 90 percent of the workforce, a figure which is 15 percent higher compared with the previous year.

This year we also introduced an anonymous feedback system through which all staff at the Güglingen site can offer ideas and criticism. We are also developing our new main building in Eppingen on a collaborative basis. From the initial brainstorming through a survey on workplace design during the planning phase to the final naming, all employees are being continuously integrated into the development of the new headquarters. In 2021 we sent out a survey to all colleagues inviting them to suggest services by which we could make their everyday life easier. This resulted in the offer to allow private parcels to be sent to our business premises. It is also now possible to order a crate of fruit and vegetables for the home from our fruit farmers. Next year we intend to conduct an employee survey with the aim of tailoring our HR strategy even more closely to the needs of our employees.

Support and pensions: We want to increase the satisfaction and quality of life of our employees with a wide and varied

range of additional benefits, such as financial allowances for lunch, company fitness, and the occupational pension scheme. We also offer regular team events, free drinks and fresh fruit.

In total, 32 employees left the company worldwide in 2021. This figure includes terminations (by the employee or the employer), severance agreements, retirements and those leaving due to illness.

The lived experience

At hep, the lived experience is an important element of its corporate philosophy. Whether with the “hep Footwear Contest” in the home office, trips out to the Allgäu or the summer party in Eppingen, we want to strengthen the sense of community online as well as offline.



Male employees

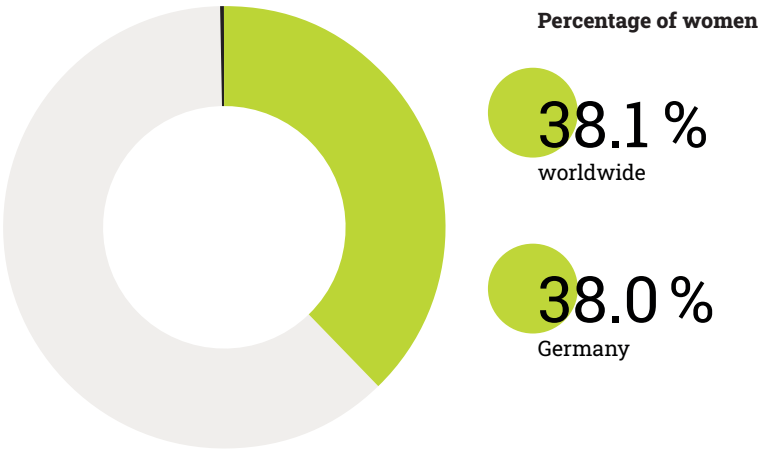


Female employees









Diversity and Equality of Opportunity

An international team of 155 people of 15 nationalities from four continents work at our six hep sites. As an employer, we believe it is hugely important to strengthen the bonds between individual employees, give them the opportunity to make profitable use of their experience, and integrate their ideas into innovation processes. As a cosmopolitan company, tolerance, respect and openness are a top priority for us. We reject all forms of discrimination.



Management by age and gender

	<30	30–50	>50
Supervisory Board members			
 Male board members	0	1	2
 Female board members	0	0	0
Senior management worldwide			
 Male	0	6	5
 Female	0	1	0
Middle management worldwide			
 Male	0	8	11
 Female	0	5	1

Although the proportion of women fell slightly in 2021 compared with the previous year, we at hep are particularly keen to ensure a gender balance. Our long-term goal is to increase the proportion of women at all levels.

At hep, we also want to improve the diversity of opportunity through continuous professional development and offer our staff even more opportunities to put their many different talents to profitable use in the company. That is why we will be offering a specialist career path from next year to go alongside the existing executive path.

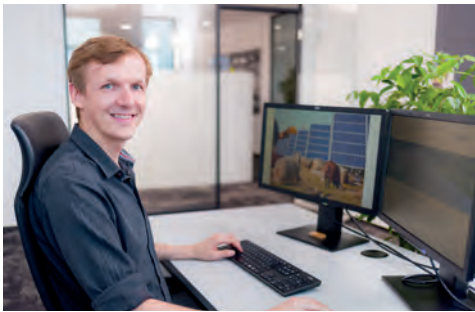


Training and CPD

Personal and professional development is important to us. We offer weekly English classes and external training to broaden expertise and for personal development. We share our knowledge with each other in internal training courses covering areas such as travel expense accounting and software programs.

Next year we will optimize the training options for executives. The aim for the future is to offer a modular program that can be tailored to suit individual needs. We are doing this in order to promote a modern leadership culture and effective management across all areas of the company in order to enhance employee satisfaction.

With us, young, ambitious people eager to change the world have the opportunity for practical study or to gain initial industry experience. Last year we doubled the number of cooperative education students at hep. This year, we are also for the first time employing two working students and an intern.





Occupational safety and health

At hep, we want to offer all our employees the best possible quality of life at the workplace. Prevention plays a huge role in this, which is why this year we started to give our staff training in occupational safety and health.

In 2021 29 employees have already received this training. Overall, one injury and no deaths at the workplace were suffered at hep during the year.

Protection from infection was again at the forefront of occupational safety and health in 2021. At all sites we took precautions to give all employees the best possible protection and keep them informed of the latest developments. Opportunities for testing, mobile working, access restrictions, a signage system in the buildings, and continuous communication were just some of the measures and amenities we provided. Our protection concept was complemented by a voluntary vaccination campaign at the Güglingen site and the establishment of a public PCR testing station on the company's premises.

In response to the increasing number of telephone and video conferences, we set up a noise-protected room this year. Known as the "quiet office", it can be used by any employees wishing to concentrate on their work without the disruption of telephone calls.

Active and Committed

The ability to take a broader view that considers the needs of both present and future generations is part and parcel of hep's understanding of sustainability. We want to improve living conditions on our planet through wide-ranging commitments above and beyond our core business. We are involved in a number of activities and projects to that end, primarily focused on education, species and climate protection, and in our home region of Heilbronn. Whether protecting mountain gorillas in Burkina Faso or promoting city cycling, we are committed to creating sustainable change with strong partners by our side.

hep takes responsibility for the Heilbronn region

We are just as closely connected to our southern German homeland as we are active internationally with the construction of solar parks on a daily basis. For a mid-sized enterprise such as ours, it is both natural and an obligation to contribute to the common good of the Heilbronn region. Last year we took part in various activities in that regard. It has, for instance, become something of a hep tradition to get involved in the **Christmas campaign** run by Kreisdiakonieverband Heilbronn, a church social welfare organization. Once again, many employees voluntarily donated gifts in order to bring a smile to the faces of those in need at Christmas. Our American hep colleagues do the same – they, too, wrapped presents for children in their region. Contributing together to the common good is part and parcel of hep's corporate philosophy.

In summer we took part in the **city cycling** event in Güglingen for the second time, recording great results. Organized annually by the German Climate Alliance, the goal of the campaign is to use the bike for as many day-to-day journeys as possible over a period of three weeks. This year we as a company set

ourselves a particular challenge: As a team, we wanted to cover the distance between our headquarters and our American colleagues in Huntersville, North Carolina. That meant cycling around 7,113 kilometers within 21 days. In fact, we actually beat our target with a total of 7,259 kilometers. The Güglingen district authorities honored this achievement with a special prize. We passed this on to Güglingen's volunteer fire service in recognition of their tireless dedication at the time of the catastrophic floods in the Ahr valley and the coronavirus vaccination campaigns in the Heilbronn area.

One project that is particularly close to our hearts is the commitment to **Burkina Faso**, where we have been supporting the Stern Stewart Foundation since 2019. It built a sustainable education campus in collaboration with Francis Kéré, the renowned Burkinan architect now resident in Germany, in his home town of Koudougou. hep donated the power supply in the form of a photovoltaic plant including battery store, built the facility on site itself, and has been overseeing its continuous operation ever since. This was followed in 2020 by cooperation with the aid organization Faandima. "Faandima" means "development", and is also the name of an aid organization from Burkina Faso through which we have sourced mangoes and cashew nuts on a number of occasions. The foods are grown and harvested by subsistence farmers on fair trade terms using traditional, organic agricultural methods. Faandima also uses the proceeds of these sales for self-help projects, focusing particularly on needy women and orphans. Together with Faandima, we are creating long-term future prospects in one of the poorest regions in the world. New projects are already being planned. We want to work with our local partners to install solar systems, especially in rural areas, in order to encourage

the decentralized and eco-friendly generation of electricity, and thereby make a small contribution toward the sustainable development of Burkina Faso. This is more important than ever: "Burkina Faso is suffering not only from the coronavirus pandemic, but unfortunately also from violent riots over the last few months. That makes it all the more important for us not to leave these people in the lurch. We know from the relationships we have with our contacts in the country that our support is much appreciated," explains Matthias Hamann, Chief Technical Officer. He himself is coordinating hep's activities in Burkina Faso, and has also taken on construction of the solar plant for an education campus. For more about our extensive commitments, not only in Burkina Faso, click → [here](#).



Mountain gorilla **George** is our brand ambassador – for a very special reason: Anyone who, like George, lives in the jungle has to be a team player. Individual strength is excellent for survival, but not enough to ensure preservation of the species. What counts are togetherness, empathy and consideration – for others and for nature. Precisely the values that are important for us.

Since even broad shoulders need strong partners, we support George. After all, he and others of his species are under threat. In the Congo, in Rwanda and in Uganda, there are now only a few of these mighty primates left. We are supporting George the mountain gorilla and his family through our WWF Gold sponsorship. The habitat of these gentle giants is being protected through the planting of new, sustainable forests.



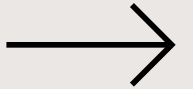
Our ambassador Gorilla George

There has been a minor sensation to report in recent years: The number of mountain gorillas, which are at serious risk of extinction, has risen sharply from 250 in the 1980s to stand at 1004 now, according to a census. That is certainly encouraging news, and shows that the hard work is paying off. We will continue to support the WWF so that George and his endangered relatives remain part of the ecological diversity of our planet.



Prospects

Fully Committed to the Expansion of Solar Energy



Fully Committed to the Expansion of Solar Energy

Focused on the future, we devote all our energies to the challenges ahead of us.

Particular attention is being given to the further development of strategic sustainability management. Corporate Sustainable Strategy, the new staff unit that began its work January 1, 2022, is responsible for coordination and control. In this role it benefits hugely from the support of senior management and all departments of the company. ESG issues will occupy a particularly prominent position in the business and risk strategy next year.

The digitalization and structuring of processes across all areas of the company, from procurement through communication to financial sales, will continue to be key pillars of our sustainability activities in 2022. Alongside an improvement in efficiency and quality, our many different digitalization measures are intended primarily to ensure that we grow with minimum impact on resources. The establishment of a strategic supplier management system and the introduction of a supplier handbook will be of central importance here.

Sustainability in business means doing business with an eye on the future – for people, for the environment, and for us as a company. With that in mind, we want to write another chapter in the story of hep's success next year too. Together with our steadily rising number of employees, we want to continue growing so that we can develop, build, and operate even more solar parks, and offer our investors attractive investment options.

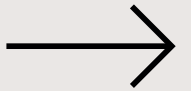
Expanding solar energy, stopping global warming, for us and for future generations

– because there is no planet b.




Annex

Materiality Analysis
Legal Notice



Materiality Analysis

Key sustainability issues at hep

Environment	Society	Governance
Greenhouse gas emissions (reduction) from solar parks	hep as employer	Principles for procurement and construction
<ul style="list-style-type: none"> Carbon footprint saving from produced solar energy 	<ul style="list-style-type: none"> Training and CPD Labor conditions Occupational safety and health Diversity 	<ul style="list-style-type: none"> Quality Longevity Processes and strategies
Use of resources and procurement for the construction of solar parks	Supplier management	Monitoring and risk avoidance
<ul style="list-style-type: none"> Use of space Offsetting areas Intrusion into natural environments Dual use of space (shared solar) 	<ul style="list-style-type: none"> Supplier selection Labor conditions at suppliers Monitoring for compliance with labor law standards 	<ul style="list-style-type: none"> Compliance (money laundering, corruption, conflicts of interest, etc.) Risk management
Use of resources at company level	hep as “implementer” / “enabler” of the energy transition	Management culture
<ul style="list-style-type: none"> Electricity consumption Sustainable office buildings (solar, lighting, etc.) Waste reduction and disposal 	<ul style="list-style-type: none"> Contribution to a sustainable finance market Contribution to a sustainable lifestyle of investors and employees 	<ul style="list-style-type: none"> Policies, Code of Conduct Top-down
Digitalization 		

The key aspects of sustainability in the areas of environment, society and governance were first identified by means of a materiality analysis, then ordered thematically and, finally, evaluated in terms of importance.

Approach: Sustainability issues in the areas of environment, society and governance at hep were identified at a joint management workshop involving eleven participants (business managers and executives). This yielded 76 sustainability issues, which were subsequently grouped under 17 umbrella terms. Following this management workshop, all participants rated the relevance of the 76 sustainability issues identified. The relevance rating was made using a points system where points were awarded from 1 (“less important”) to 4 (“very important”) in a multiple choice procedure.

The 17 umbrella terms were subsequently ranked using the weighted averages of the sustainability issues previously scored as secondary.

Results: The materiality analysis identified two sustainability issues (umbrella terms) as being key for each of the areas of environment, society and governance.

→ Continued on next page

The key sustainability issues at hep are listed in this table, grouped by umbrella terms. The umbrella terms are ranked from top (very essential) to bottom (less essential). Subordinate sustainability issues are assigned to the umbrella terms by way of illustration, but their order has no further significance.

Key sustainability issues at hep

Environment	Society	Governance
Greenhouse gas emissions at company level	Social engagement	Pay policy
<ul style="list-style-type: none">• Carbon footprint• Business travel	<ul style="list-style-type: none">• Regional commitment• Cross-regional commitment• Donations	<ul style="list-style-type: none">• Supervisory Board and Executive Board remuneration policy• Employee remuneration
Procurement at company level		Dealings with sales partners
<ul style="list-style-type: none">• Sustainability in office management (paper, IT requirements, etc.)• Regional catering		<ul style="list-style-type: none">• Selection process• Equality of treatment
		Capital donors, asset management
		<ul style="list-style-type: none">• Selection of outsourcing companies• Selection of lenders
		Political influence
Digitalization		

The key sustainability issues at hep are listed in this table, grouped by umbrella terms. The umbrella terms are ranked from top (very essential) to bottom (less essential). Subordinate sustainability issues are assigned to the umbrella terms by way of illustration, but their order has no further significance.

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