



Embracing ESG in the solar industry

PES was excited to catch up with Agnieszka Schulze, ESG Chairperson at REC Group, to hear about its experience and expectations on sustainability in the solar industry. We'll look at the growing importance of Environmental, Social, and Governance (ESG) principles in the solar industry and ask how the Group is navigating this transformative landscape. REC Group is a leading solar panel manufacturer, with almost 30 years of solar expertise. Considering its annual production capacity, it is certainly rather a small but 'fine' player, focused on advanced technologies and longevity.

PES: Welcome to PES, Agnieszka, it's great to touch base with you. Is the above summary of REC Group a correct one?

Agnieszka Schulze: Thank you very much and yes, absolutely! We are rather a pioneering player, considering our capacity,

but at the same time a very well-known one because of our long history and many innovations. We have always strived to do



things differently, be more ahead, be it with technology or the way we do business with our trusted partners.

That's why, for example, we jumped on heterojunction cell technology, HJT, in 2019 while almost everyone else embraced TOPCon. And the same applies to sustainability. While many consumers believe solar energy is sustainable by nature, we want to go the extra mile and do even more.

PES: Sustainability seems to be indeed a more and more important topic. But before we dive into the specifics, could you share your insights on how you anticipate the development of ESG policies and reporting requirements evolving in the near future?

AS: Certainly. We expect that the development of ESG policies and reporting requirements is set to continue on an upward trajectory because of an increasing awareness of environmental and social issues. We believe that sustainability is a transformative force reshaping the global business landscape, including the one of the solar industry. We anticipate stricter standards and more comprehensive reporting frameworks worldwide.

With its Corporate Social Responsibility Directive (CSRD) Europe is moving ahead

here and other countries are closely monitoring it. Companies will need to adapt quickly to these evolving expectations to remain competitive and sustainable in the long term.

PES: Building on that, could you outline the key drivers behind the escalating significance of ESG reporting in the solar industry?

AS: ESG reporting has become paramount due to regulatory pressure, consumer demand, investor expectations, supply chain resilience, and the drive for innovation and efficiency. Governments worldwide are increasingly implementing regulations addressing environmental, social and governance issues.

Consumers are becoming more socially and environmentally conscious, driving demand for sustainable products and services. Institutional investors are integrating ESG factors into their investment decisions in a much stronger way today.

Companies that prioritize sustainability often attract more investment and achieve better long-term financial results. Sustainability practices contribute to supply chain resilience by mitigating risks associated with climate change, resource scarcity, and social instability.

And last but not least, embracing sustainability often drives innovation and operational efficiency and creates new revenue streams, cost savings, and competitive advantages for companies.

PES: How are policies, investors, and customers exerting pressure on manufacturers to adopt more sustainable practices?

AS: Policies and regulations are increasingly stringent, encouraging manufacturers to adhere to higher environmental, social and governance standards.

In the solar industry in particular it's important to demonstrate supply chain traceability. At REC, from our earliest days, we have been committed to delivering the highest quality to customers. In order to do this, we needed to establish a sophisticated system to control every single step of our supply chain. This is now helping us to well demonstrate our traceability.

PES: How do you see the mindset of distributors, installers, businesses, and homeowners evolving concerning their selection of solar panels?

AS: We're witnessing a shift where stakeholders are looking beyond power output and price only. They're seeking solar panels that not only generate clean energy but also come from manufacturers committed to sustainability and responsible business conduct.

This evolution underscores the importance of ESG considerations in purchasing decisions. However, we realize that there are still many homeowners and businesses who are not aware of the sustainability differences in solar panels and installers who want to go the easy way and sell via watt class and price only. But we believe that solar energy can and has to be more sustainable too. It is our job to provide an education on this.

PES: How are you responding to the growing demand for ESG-focused products and practices?

AS: At REC, we're proactively addressing ESG concerns. We've seen a surge in customer requests related to ESG, particularly in the residential segment. To meet this demand, we've established an ESG Steering Committee comprising diverse team members from various departments and management levels. This diverse and passionate team enables us to take a holistic approach, quickly realizing initiatives and drives our efforts to integrate sustainability into every aspect of our business.

Every year, we are driving various social initiatives to strengthen education of young people or help communities in need, in particular the ones which have been hit by climate disasters.

Within just three years, we have been able to halve our specific water consumption and reduce our energy consumption by a third. We are officially supporting the UN Global Compact and its ten principles and are regularly auditing our suppliers. And we are proud to announce that we just received the Silver Medal from EcoVadis, a highly trusted provider of business sustainability ratings. This recognition of our advanced ESG efforts places REC among the top 15% of assessed companies in the electronic goods manufacturing industry globally. These are just a few examples of how our passionate ESG Steering Committee is driving change.

PES: Could you share some examples of REC Group's ESG activities and how you report them?

AS: Since 2019, we have been publishing our annual ESG report and reporting on multiple KPIs across the themes of Environment, Social and Governance. We adhere to ISO 26000 guidelines on the seven core subjects of social responsibility. This framework informs our approach to sustainability, covering areas such as human rights, labor practices, environmental protection, consumer issues and community engagement.

For many years, we have been running energy, water and waste savings programs. Every year, we are driving various social initiatives to strengthen the education of

young people or to help communities in need, in particular those that have been hit by climate disasters.

Additionally, we've developed educational resources, to help installers, homeowners, and businesses choose more sustainable solar panels.

PES: Speaking of education, why is it crucial for you to provide guidance on sustainable solar panel selection?

AS: Education is paramount in fostering a more sustainable future. By empowering stakeholders with knowledge, we enable them to make informed decisions that align with their values and contribute to positive environmental outcomes.

Many stakeholders are not aware of how a solar panel is actually manufactured, that it requires a lot of resources, such as energy and water and also generates hazardous waste. Our quick guide serves as a valuable resource for navigating the complex landscape of solar panel options and understanding the importance of ESG considerations.

PES: In conclusion, what message would you like to convey to our readers regarding the enduring significance of ESG in the solar industry?

AS: ESG is not a passing trend; it's a fundamental shift in how we conduct business and interact with the world around us.



Agnieszka Schulze

As pressures mount from regulators, investors, and consumers, embracing sustainability isn't just a choice; it's a necessity for long-term success.

At REC Group, we're committed to leading this charge, driving innovation, and setting the standard for responsible business practices in the solar industry.

Let's be pickier and go beyond power and price only when considering solar panels and build together a brighter, more sustainable future.

www.recgroup.com

While going solar is doing good, how much good can vary greatly. At REC, we want to help you to choose solar panels more responsibly!

Go for solar panels that are designed with:

- ✓ Longevity to save resources
- ✓ High-power density for less emissions
- ✓ Reliable high-power output for the long-term
- ✓ Strong Due Diligence for an ethical supply chain
- ✓ Committed Energy, Water & Waste Savings Programs
- ✓ Engaged teams to empower communities in need
- ✓ Transparent ESG reporting

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UP TO 470 WP

226 W_{MP}

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