

2024 Sustainability Report

Fiscal Year 2024

TABLE OF CONTENTS

ABOUT THIS REPORT

Shoals Technologies Group, Inc. (Shoals, we, or the Company) presents its fourth annual Sustainability Report, which describes our sustainability approach, processes, programs, procedures, and metrics and the ways in which our products and solutions contribute to sustainable development and the energy transition. In preparing this report, Shoals has considered the IFRS Foundation’s Sustainability Accounting Standards Board (SASB) industry standard for Solar Technology and Project Developers and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Shoals seeks ways to further align our sustainability reporting with industry-leading frameworks, standards, and regulatory requirements and develop transparent reporting of our sustainability progress. Unless otherwise noted, this report addresses our sustainability progress and performance from January 1, 2024, to December 31, 2024.

FROM THE CEO	3
ABOUT US	4
SUSTAINABILITY STRATEGY	11
Sustainability Goals	12
Sustainability Governance	13
Sustainability Priorities	14
ENVIRONMENTAL	15
Sustainable Product Design	15
Resilient Operations	17
Environmental Management	18
Waste and Water Management	20
SOCIAL	23
Environment, Health and Safety	23
People and Culture	26
Supply Chain Management	31
Product Quality	32
Product Safety	32
GOVERNANCE	33
Corporate Governance	33
Business Ethics and Integrity	34
Enterprise Risk Management	35
Data Privacy and Information Security	36
APPENDIX	38
TCFD Index	38
SASB Index	39
Disclaimer	42

FROM THE CEO

I am proud to present Shoals Technologies Group's fourth Sustainability Report, highlighting our continued progress on the sustainability priorities that drive long-term growth for Shoals, support the development of our people, and guide our mission to lead the way in creating innovative, simple Electrical Balance of Systems solutions that enable global electrification. Today we are experiencing a shift in the energy landscape, with the demand for electricity growing for the first time in decades due to the rapid rise of generative AI, deployment of data centers, and increased domestic manufacturing. The clean energy industry has been well positioned to meet this growing demand, as evidenced by another [record year](#) for U.S. solar and storage generation in the 2024, with more than 40 gigawatts of new solar capacity added domestically and [452 gigawatts](#) globally, representing the largest single year of new capacity added to the grid by any energy technology in over 20 years. Similarly, storage grew globally by 44% in 2024, a testament to its increasing installation alongside solar. As the leading provider of EBOS solutions for solar and battery storage, we're proud to be at the forefront of this energy transition, and we're grateful to our more than 1,200 employees based in our U.S. manufacturing facilities, who help us create innovative, high-quality solutions that prioritize safety, reliability, and durability.

Despite the record year of growth for solar and storage, the industry also faced headwinds in 2024 due to macro-economic and policy trends. For Shoals, we continued to 'invent simple' and invest in our processes, people, and community. We launched several new products in both domestic and international markets, including our award winning [2kV solutions](#). And we doubled-down on our commitment to American jobs and domestic manufacturing by starting the build-out of our new, 638,000 square foot headquarters in Portland, Tennessee. We also launched co-op and apprenticeship programs to provide technical training and job opportunities to high school students.

In last year's Sustainability Report, we highlighted our efforts to build data-driven reporting systems and to embed our

sustainability principles across every team at Shoals. As you'll see in this year's report, that foundation set us up for significant program growth this year. We've expanded our data-driven reporting, adding new metrics, including our first-time reporting of Scope 3 greenhouse gas emissions. We conducted our inaugural climate risk assessment, integrating that evaluation into our annual enterprise risk management assessment. And we've also leveraged the insights from our cross-functional Sustainability Committee to set four long-term sustainability goals that reflect our sustainability priorities and connect with Shoals' overall strategic goals.

As we continue to conduct our business with a critical eye towards our sustainability priorities and the long-term value they create, we look forward to sharing updates on how we are advancing those efforts in 2025 and beyond. I would like to express my sincere gratitude to our customers for their confidence in Shoals, our employees for their unwavering dedication in serving our customers, and our shareholders for their steadfast support.

Sincerely,



Brandon Moss
Chief Executive Officer



"We continue to conduct our business with a critical eye towards our sustainability priorities and the long-term value they create."

ABOUT US

Shoals Technologies is a leading supplier of electrical balance of systems (EBOS) solutions, including battery energy storage solutions (BESS) and Original Equipment Manufacturer (OEM) components, for the global energy transition market. Our innovative designs and manufacturing excellence lead to products that make it more cost effective, safer, and sustainable for our customers to deploy solar energy at scale.

Put simply, we make everything necessary for the safe and efficient transport of electricity from solar panels to the power grid or storage systems, building a legacy of sustainability and progress. Our EBOS solutions play a key role in enabling the adoption of renewable energy and lowering energy costs.

Our purpose

To positively impact the world by enabling global electrification and making the complex simple



We are guided by our core values

★ Responsibility

We integrate quality and safety into everything

★ Integrity

We do the right thing, in the right way, for the right reason

★ Agility

We are quick and flexible at our core

★ Innovation

We lead from the front by simplifying the complex

★ Accountability

We win for our customers, shareholders, and each other

★ Commitment

We care for people and the planet by investing locally and globally

AT A GLANCE

As of December 31, 2024

8

New Products Launched

82 GW

Global Solar Systems Deployed with Shoals Solutions

29

Years Since Our Founding

67

Patents Issued in the U.S. and Globally

14 of Top 15

Engineering, Procurement, and Construction Partners*

1,209

Employees as of December 31, 2024

638,000 Sq Ft

New MEGA Manufacturing Facility Coming in 2025

Geographies Served



*Per Wood Mackenzie's "Project Database – U.S. Utility Solar," which provides the underlying data.

SOLVING GLOBAL CHALLENGES BY INVENTING SIMPLE®

Our products are uniquely designed to make the complex simple. Core to our value proposition are our engineering and design services, which provide plug-and-play solutions that are engineered to order and built in a controlled environment in our factories.

WHAT WE MAKE

- Solar Big Lead Assembly Solutions
- Homeruns, Extensions and Interconnections
- Combiners and Recoiners
- Solar OEM Components
- Wireless Performance Monitoring
- Battery Energy Storage Solutions
- Load Break Disconnects and Transition Boxes
- Building Solutions



Shoals is thrilled to be named PV Magazine Global 2024 award winner for BoS (Balance of Systems)!

OUR SOLAR SYSTEM SOLUTIONS

Our cutting-edge EBOS solutions are designed and customized with our customers to enable seamless interconnection, efficiently collecting power from solar panels, aggregating that power to the inverter, and ultimately channeling solar energy into the power grid. Through this process, our solutions play a crucial role in increasing energy supply to meet the rising demand for energy capacity across critical power markets and communities. Our utility-scale solar energy solutions serve as catalysts for renewable opportunities and decarbonization practices, and we expect they will play a critical role as solar energy installations continue to grow.

“Overall, 2kV offers a more efficient, cost-effective, and sustainable approach for the solar industry when compared to 1500V.”

Troy Renken,
VP of Product
& Engineering



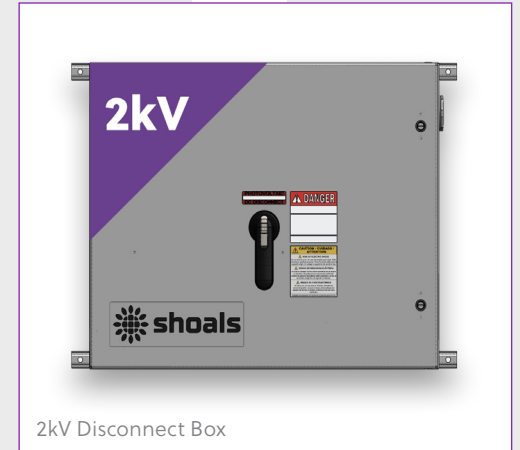
Investing in the Future – 2kV Technology

As the solar industry continues to evolve, one of the most exciting advancements is the transition from 1500V to 2kV technology. This innovation aims to enhance the efficiency, cost-effectiveness, and scalability of solar PV projects.

Shoals, GE Vernova, and our other partners were approached by one of the largest solar developers in the U.S., asking to help elevate their next solar project to higher voltages. This partnership led to a 2kV pilot project, giving us the perfect opportunity to develop the solutions we had already been considering. Shoals engineered the EBOS solution for the project, while GE Vernova developed the 2kV inverter.



2kV BLA

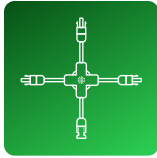


2kV Disconnect Box

2kV: Doing **More** with **Less**.



Examples of Shoals Solar Solutions



Shoals Interconnect System is our EBOS solution for conventional solar deployments. Rather than the traditional approach of running a separate wire from each solar string to a combiner box, our interconnect system uses a Shoals **Interconnect Harness** to connect multiple strings together at each row with a single wire. We use simple push connectors instead of a wire crimp which speeds installation and lowers cost. This solution reduces the number of wire runs made to Shoals combiner boxes and the number of connections made in each Shoals combiner box, which also minimizes the total number and/or size of combiner boxes required and the points of failure across the system. The harness supports First Solar Series 4, 6, and 7 modules, comes in various configurations for bifacial and crystalline panels, and is compatible with both interconnect and homerun applications using Shoals combiners.



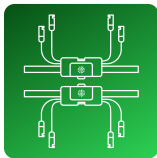
Our **Combiners and Recoiners** are weatherproof electrical boxes that safely gather and manage DC power in utility-scale solar and energy storage systems. Combiners collect power from multiple solar strings into a single output, reducing wiring complexity and installation time. Recoiners take outputs from several combiners and funnel them into inverters or BESS units. Built for durability and performance, these enclosures integrate seamlessly with Shoals' harnesses and EBOS solutions, and are available in a range of configurations to suit diverse project needs.



The **Shoals Load Break Disconnect (LBD)** is a compact, field-ready solution that safely isolates electrical current during maintenance or emergencies. As part of the BLA system, it features a 100% load-break rated switch that allows operators to shut off DC power without risk. Unlike traditional designs that house fuses in the combiner box, the LBD moves them to the harness, where cooler conditions improve performance and longevity.



The **Snapshot I-V Wireless Meter** is a panel-powered, weather-sealed monitoring device that mounts directly on the back of a solar module to monitor performance in real time. Paired with the Snapshot I-V Wireless Gateway, it enables a flexible, scalable system for real-time solar plant monitoring with or without combiner boxes. Unlike traditional I-V curve tracers, it streamlines auditing and troubleshooting by placing intelligence at the module level, saving time and labor.



Plug-and-play EBOS architecture, invented by Shoals, connects all strings in a project to "trunk" wires that feed directly into Shoals disconnect boxes connected to the inverter. It leverages the **Shoals Big Lead Assembly (BLA)**, an above-ground aluminum trunk bus system that combines the functionality of cable assemblies, combiner boxes, and fusing all into one. This eliminates the need for standard combiner boxes, messy multiple conductor string wires, cable trays, trenching, and field crimping. This solution dramatically reduces the amount of copper wire needed on a site, speeds installation and reduces overall cost.



SOLAR OEM COMPONENTS

We also collaborate with solar panel manufacturers to simplify production and strengthen supply chain resilience. Our high-quality solutions made in Tennessee and Alabama are designed with innovation and built for durability to ensure long-term performance, safety, and reliability.

Examples of Solar OEM Components from Shoals



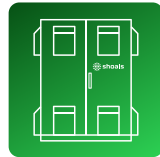
Junction Boxes from Shoals are small, weatherproof enclosures attached to the back of a solar panel. They house the electrical connections and components needed for integrating the panel into a solar energy system. Designed for durability and manufactured in Alabama, the junction box protects its components from environmental damage while simplifying installation and maintenance.



ENERGY STORAGE

In the dynamic landscape of utility-scale energy storage, off-the-shelf solutions to connect, disconnect, and combine distributed energy sources remain a persistent challenge. Shoals bridges this gap by delivering bespoke and semi-customized products to interconnect Battery Energy Storage Systems (BESS). These meticulously crafted solutions seamlessly integrate with utility-scale solar installations and the electric grid to offer cost effective and rapid deployment for energy storage, which is becoming critical to support solar energy in replacing baseline load.

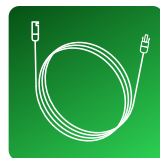
Examples of Shoals Energy Storage Solutions



BESS Recombiner collects and combines inputs from solar arrays, wind turbines, BESS, and other DC (direct current) microgrid components. This allows customers to charge the BESS from renewable sources, as well as discharge from the BESS to complement the energy generated from renewables, providing consistent power to the grid. Using a recombinder optimizes site layouts, provides access to disconnects, and removes the single point of failure of an integrated BESS container. The BESS Recombiner supports most battery storage technologies and used for clean energy projects and data centers.



BESS Disconnect Switches isolate and remove power from the BESS container. Using disconnects mounted away from the BESS containers allows for centralized location of disconnecting, reducing O&M time.



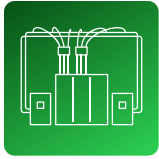
Wiring Solutions offer custom wire harnesses or jumpers, tailored to project specifications, simplifying wiring and installation tasks. Manufactured in a facility with stringent quality standards, these solutions minimize onsite labor, leading to reduced project expenses, faster deployment, and elimination of in-field wiring errors.



BUILDING SOLUTIONS

We are actively developing plug-and-play electrical and wiring solutions tailored to the growing data center market, streamlining the integration of renewable energy and battery storage into building infrastructure.

Examples of Shoals Building Solutions



Our **Data Center Solution** is a comprehensive trunk bus solution, based on our flagship BLA product and designed to power data centers quickly and efficiently. It will offer an alternative to the traditional approaches of cable whips and busway systems. The solution aims to support technology companies' renewable energy targets and sustainability goals while offering a low cost and more readily available method of delivering power to the server racks.



Collaborative Community

The energy transition requires coordination among many stakeholders, including governments, financial institutions, and the private sector to achieve our collective aims.



We are a member of Solar Energy Industries Association® (SEIA), a U.S. trade association providing research, education, and advocacy for the solar and storage industry. Through our involvement with SEIA, Shoals aims to ensure that we play a key role in shaping the regulatory environment and future standards of solar and energy storage project industries.



We are a member of the National Association of Manufacturers (NAM). This strategic partnership signifies Shoals' commitment to advancing manufacturing competitiveness and promoting opportunity and prosperity for American manufacturing. NAM provides a comprehensive array of resources and initiatives, including news, insights, workforce development programs, and partnerships, aimed at equipping manufacturers with the tools needed to succeed in today's dynamic business environment.



We are a member of Women in Manufacturing® (WiM), a nonprofit trade association, open to all employees, that empowers female workers in the manufacturing sector. Through our involvement, our employees continue to actively engage with WiM through events, educational programs, and networking opportunities which strengthen our commitment to excellence and innovation. We believe that hiring the best people isn't just about filling positions; it's about curating a team that embodies our values and provides the highest level of service in the industry. Participating in WiM allows us to learn from others in our industry how to best attract and retain the talent we need to grow and succeed.

SUSTAINABILITY STRATEGY

We believe that our sustainability program is an important contributor to our long-term value creation by ensuring resilient operations, identifying changing market priorities, and meeting stakeholder needs. In 2024, our sustainability strategy remained focused on the topics identified in our materiality assessment as most relevant to Shoals' long-term success. To better align our actions with these priorities, we established four long-term sustainability goals to drive accountability on our progress. Further, we have enhanced our communication channels and continue to support active engagement across our business lines to streamline processes and mitigate risks. Our focus on collaboration and fostering a cohesive environment has led to the integration of sustainable practices throughout our business.

As our company grows and matures, we remain dedicated to making progress on our sustainability priorities. We continue to actively seek engagement and partnership opportunities to drive global progress, reflecting our commitment to creating a sustainable future and fostering positive change worldwide.

2024 HIGHLIGHTS

Progressing towards new sustainability goals



We have established four long-term sustainability objectives to ensure accountability and drive progress, focused on achieving ISO 9001 and 14011 certifications for our production facilities, transitioning to renewable energy sources to power our operations, meeting stringent safety standards, and minimizing landfill waste.

Deepening our environmental disclosures



We conducted our first Scope 3 inventory to better understand the climate-related impacts across our value chain and have started the process of assessing our climate-related risks and opportunities.

Aligning our practices with recognized frameworks



We continued to focus on achieving ISO 14001, 9001, and 45001 certifications for our facilities – in 2024, our Muscle Shoals, Alabama site renewed its ISO 45001 certification.

Enhancing our data management practices



We enhanced our reporting process by incorporating additional metrics, particularly focusing on waste, recycling, and scrap metal, to better quantify our impact.



Sustainability Goals

Our new, long-term sustainability goals align with our overall business strategy. These goals, detailed below, focus on improving our operational efficiency, mitigating the impacts of severe weather events on our operations, and supporting our people and communities. Importantly, in recognition of the fact that changing market dynamics and operating considerations may impact our path towards progress on these goals, we intend to regularly assess our approach to remain centered on impactful outcomes.



Obtain ISO 9001 and 14001 certifications for our new facility by the end of 2027.



Set and achieve a landfill waste reduction goal.



Maintain a three-year Total Recordable Incident Rate (TRIR) rate 20% below average for three consecutive years (2025, 2026, and 2027).



Create an actionable plan to power a meaningful portion of Shoals' operations with renewable energy, targeting execution within three years.

Sustainability Governance

The successful implementation of our sustainability strategy depends on the collective efforts of everyone at Shoals. From our Board of Directors and leadership team to our managers and employees, each of us has a vital role to play.



BOARD

Our Nominating and Corporate Governance Committee reviews, monitors, and provides guidance on the development, implementation, and performance of our governance, sustainability and environmental strategy, and presents updates to the full Board.

LEADERSHIP

Our executive team promotes the inclusion of sustainability factors in decision-making by developing and overseeing the implementation of our sustainability strategy. Our executive team reports on our strategy and performance around material sustainability issues to the Board and its respective committees. Regular updates on our overall sustainability strategy and performance are shared with the Nominating and Corporate Governance Committee.

MANAGEMENT

Our Director of Sustainability reports directly to our Chief Legal Officer and manages the development and execution of our sustainability strategy, programs, and reporting. The Director of Sustainability also manages climate-related risks and opportunities, supported by other internal team members and external advisors.

Our management-level sustainability committee, established in 2024, consists of cross-functional members charged with integrating sustainability principles into their respective team functions. The sustainability committee meets bi-monthly to track progress on existing sustainability initiatives and discuss future projects. The committee reports quarterly to the executive leadership team.

Sustainability Priorities

In 2023, we conducted a materiality assessment to evaluate the sustainability issues most relevant to our business. Our materiality assessment is instrumental in shaping our sustainability goals and driving progress on our strategy, risk management, and reporting. As such, we are focused on the continued relevance and effectiveness of our sustainability efforts, and intend to refresh our materiality assessment and stakeholder engagement efforts as needed in the future.



ENVIRONMENTAL

As a leading supplier to clean energy projects, we are mindful of our environmental impact in our resource use and operations.

Sustainable Product Design

Our industry-leading solutions help mitigate the environmental impacts of installation and maintenance, reduce waste materials, and are built to last the lifetime of a solar project.

2027 Environmental Goals

- Create an actionable plan to power a meaningful portion of Shoals' operations with renewable energy, targeting execution within three years
- Set and achieve a landfill waste reduction goal



The Impact of Thoughtful Product Design in Action – The Gemini Project

The Gemini Solar + Storage Project located approximately 30 miles northeast of Las Vegas, Nevada, stands as one of the largest and most advanced solar-plus-storage installations in the United States. Developed in partnership with the Bureau of Land Management (BLM) and the Moapa Band of Paiutes, this \$1.2 billion infrastructure investment exemplifies collaborative efforts toward meeting the U.S.'s surging energy demand with low-cost and sustainable energy solutions.



Our Technology

Shoals contributed to the project's success by supplying our patented, flagship Big Lead Assembly (BLA) solution as the Electrical Balance of Systems (EBOS) partner. The BLA's above-ground aluminum trunk bus system minimized land disturbance, offering a more sustainable solution for the project's extensive wiring needs in a key ecosystem for the region. Gemini integrates advanced infrastructure with state-of-the-art software to direct electrons with millisecond precision. As one of the largest and most efficient solar plus battery storage systems ever built, it will replace outdated power plants with reliable, clean energy.

Land Management

Gemini was designed to integrate with natural resources, safeguarding wildlife and minimizing environmental impact. Constructed on federal land, the Gemini Project pioneered an innovative ecosystem management framework by preserving existing vegetation and utilizing a tracker system that adapts to the natural contours of the terrain. Shoals estimates that it was able to reduce the project's land footprint by over 20%.

Job Creation

In addition to improved environmental outcomes, this partnership also created jobs for biological monitors, engineers, and community liaisons in the area. During construction, it created around 1,300 jobs, contributing approximately \$463 million to Nevada's economy.



- FROM THE CEO
- ABOUT US
- SUSTAINABILITY STRATEGY
- ENVIRONMENTAL**
- SOCIAL
- GOVERNANCE
- APPENDIX

Resilient Operations

In 2024, we announced the expansion of our leadership team with the appointment of Kirsten Moen as our new Chief Operating Officer (COO). Her leadership style fosters collaboration, continuous improvement, and talent development, empowering teams to achieve peak performance.

At Shoals, operational excellence is an ongoing effort to enhance efficiency and effectiveness across our entire operations. Our approach begins with a well-defined plan, laying out a clear strategy and ensuring effective communication at all levels. Understanding the wants and needs of our stakeholders is crucial, as it allows us to develop a long-term vision that informs us of our current material planning.

In 2024, we reexamined our sourcing procedures to implement a Plan for Every Part (PFEP) process and minimize stale inventory. This involves strategic planning and a deep dive into our supply chain, focusing on materials and inventory management. We completed an initial segmentation of our inventory incorporating historical usage, forecast, demand variation and cost. This has enabled us to develop strategies that enhance our efficiencies, reduce waste, improve

inventory control and supply chain visibility, with the ultimate goal of enhancing our customer satisfaction.

In addition to efficiency and effectiveness, we also focus on environmental sustainability through our solutions and operational choices, assessing and improving our practices to enhance resource efficiency and reduce environmental impact. To improve sustainability within our operations, we challenge our materials team and shop floor workers to explore the use of reusable materials and ways to minimize excess pallets. We are also finding innovative ways to reduce waste in our operations, aiming for certification by environmental management standards such as ISO 14001.

This year, we implemented the 5S organizational system to improve our manufacturing efficiency and productivity. The 5S methodology establishes a standard, desired operating condition, providing a foundation upon which we empower our teams to identify any deviations from our desired operating state, ensuring that potential problems are identified and resolved. We expect this operating approach will enable us to make significant progress in sustainability over the coming years.

“The solar industry is evolving quickly, and Shoals is evolving right alongside it. Our focus is on scaling smartly. We are investing in both people and technology, while maintaining the high quality we’re known for.”

Kirsten Moen, COO



Planning for the Future

In 2025, we are transitioning to a new and expansive manufacturing and distribution facility in Portland, TN. This marks a significant milestone for Shoals’ growth, enabling us to boost efficiency, reduce our operational footprint, generate employment opportunities, and further enrich the vibrant economic landscape of our local community. The consolidation will centralize our footprint from three Portland-based facilities into one, bringing siloed teams into closer proximity for streamlined communication and collaboration. This move will not only optimize our processes but also also prioritize safety by incorporating advanced machinery and implementing robust safeguards.



- FROM THE CEO
- ABOUT US
- SUSTAINABILITY STRATEGY
- ENVIRONMENTAL**
- SOCIAL
- GOVERNANCE
- APPENDIX

Environmental Management

Our [Environmental Policy](#) outlines the guiding principles and practices we expect from our employees, visitors, contractors, and business partners. Our policy requires compliance with environmental laws, promotes activities that minimize the external impacts of our operations, and encourages the efficient use of natural resources.

Our Environmental, Health, and Safety (EHS) team, with the support of the facilities and warehouse teams, helps ensure that all our facilities adhere to our environmental policies and remain in compliance with all environmental regulations. They oversee efforts to reduce our environmental footprint. Through continuous improvement, the team strives to further integrate reduce, reuse, and recycle practices across our operations and manufacturing process. See more about EHS oversight in the [Environment, Health, and Safety](#) section of this report.



CLIMATE CHANGE AND EMISSIONS

Our growth and success in meeting customer needs and reducing climate change-related impacts is the result of strategic investments that have streamlined our operations and enhanced customer experience.

In 2024, we analyzed our operational resiliency by completing our first comprehensive qualitative climate risk assessment, measuring our value chain emissions, and calculating our avoided emissions. To enhance transparency, we aligned our disclosures with TCFD recommendations and will report our progress on climate-related risks, opportunities, and GHG emissions performance over time.

Greenhouse Gas (GHG) Inventory Parameters

Our footprint covers all Scope 1 and 2 emissions and relevant Scope 3 emissions sources. This year, we assessed our value chain emissions and included baseline Scope 3 inventories for 2023 and 2024, utilizing spend-based calculations. Our carbon footprint is calculated following the Greenhouse Gas (GHG) Protocol Corporate Standard. We will continue to gather more precise data within our value chain to refine our inventory. We have updated our Inventory Management Plan to create a consistent and repeatable approach to entity-wide GHG accounting, outlining the next steps for reporting in alignment with internal needs and external stakeholder expectations.

Our software streamlines data collection for emissions calculations, enabling efficient and reliable tracking of emissions and energy data. This drives compliance, enhances reporting accuracy and transparency, and supports data-driven sustainability decisions.

Our absolute emissions and energy consumption increased in 2024 as compared to 2023. This increase was largely due to a new facility being operational for a full reporting year, contributing to a larger overall footprint compared to the previous year. Shoals' strategy remains focused on reducing our direct emissions intensity through improved operational efficiency and strategic sourcing of renewable energy. We expect some reduction in emissions as we move into our new, consolidated facility in 2025. This move will concentrate our manufacturing and office space primarily into one single facility compared to three facilities.

In 2024, our Scope 3 emissions decreased by approximately 6% compared to 2023 levels. This reduction is primarily attributed to reduction in several key spend areas, including purchased goods and services, capital goods, and downstream transportation and distribution.

Emissions and Energy

Scope 1 and Scope 2 Emissions (MT CO ₂ e) ¹	2022	2023	2024
Scope 1	607	766	949
Scope 2 (Location-based)	1,781	2,356	2,788
Total Scope 1 and 2 (MT CO₂e)	2,388	3,122	3,737

Scope 3 Emissions (MT CO ₂ e) ²	2022	2023	2024
Category 1 – Purchased Goods and Services	–	10,505	8,120
Category 2 – Capital Goods	–	1,168	961
Category 4 – Upstream T&D	–	8,875	10,065
Category 5 – Waste	–	153	158
Category 6 – Business Travel	–	690	892
Category 7 – Commuting	–	94	93
Category 9 – Dist. And Transportation	–	3,095	2,756
Total Scope 3 (MT CO₂e)	–	24,580	23,045

Intensity	2022	2023	2024
Scope 1 and 2 Intensity (MT CO ₂ e/\$M)	7.3	6.4	9.4
Scope 3 Intensity (MT CO ₂ e/\$M)	–	50.3	57.8
Energy Intensity (MWh/\$M)	19.4	17.5	27.0

Energy Consumption	2022	2023	2024
Electricity (MWh)	4,253	5,599	6,834
Natural Gas (MWh) ³	2,087	2,943	3,927
Total Energy Consumption (MWh)⁴	6,340	8,542	10,761

1 Scope 1 and 2 emissions were calculated consistent with the GHG Protocol's Corporate Accounting Standards. Reasonable assumptions and estimations were used for calculation of fugitive emissions and mobile combustion emissions in our Scope 1 calculations. Due to inaccessibility to electricity consumption data for one of our operational sites, 2023 consumption values were utilized to provide a comprehensive data set.

2 Scope 3 emissions were calculated using a spend-based approach.

3 Natural gas consumption was converted from cf to MWh utilizing NRG's energy conversion calculator.

4 Total energy consumption is comprised of currently available activity data used in the direct calculation of Scope 1 and 2 emissions and does not include other energy sources that rely on estimations (ex. diesel and propane). We will work to quantify these energy sources in future reporting.

Waste and Water Management

We have implemented a variety of waste and water management processes to support our commitment to resource conservation and responsible operations. While we believe that energy use and climate-related impacts are the most relevant environmental topics to our business, we believe that effective stewardship of water and waste are key components of our desire to improve our footprint.

WATER

In order to be efficient in our use of water, we have put in place a number of practices and procedures to minimize water use and allow for reuse where feasible. For example, our closed-loop water system allows us to efficiently recycle water used in cooling processes for our injection molding machines, significantly reducing our overall water consumption. We have also eliminated water changeouts in our closed-loop system following an external chemical efficiency review.

In 2024, we used 19,696 cubic meters of water across our facilities.

WASTE

Though our operations do not generate a significant amount of waste, we look to find innovative ways to avoid unnecessary waste generation and avoid disposal to landfill where possible. To reduce the impact of our operations, we prioritize recycling, with procedures in place to recycle many of the waste materials generated during our manufacturing process. As an example, in late 2023, Shoals started a partnership with a local business that will take excess wood spools that cannot be recycled and convert it into mulch, repurposing those materials in a way that avoids disposal.

Other ways in which we work to mitigate waste, as well as quantitative information on Shoals' waste generation, can be found below:

- Regrinding and reusing plastic scraps from our manufacturing process
- Recycling scrap material, including wires and metals (e.g., steel, brass, and copper), through local recycling companies
- Compacting and recycling cardboard
- Engaging waste management third parties to sustainably recover materials from lithium-ion batteries and waste fluid
- Upgrading to a higher-grade coolant for our computer numerical control machines to increase product manufacturing efficiency, accuracy, consistency, and durability

2024 Waste by the Numbers*

342

Metric Tons of Wood Spools Recycled (March – December)

438

Metric Tons of Landfill Waste for the Year

122

Metric Tons of Cardboard Recycled*

594

Metric Tons of Scrap Metal (Copper, Steel, Aluminum, and Other Metals)

*Refers only to our Portland, TN facilities.

ASSESSING CLIMATE RISK

In 2024, in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we took a critical step toward comprehensively evaluating and understanding potential risks to our business due to the increasing frequency of severe weather and other climate-related impacts.

Our Approach to Climate Risk Governance & Oversight

Given the importance of managing climate-related risk to the future success of our business, oversight of these matters is clearly articulated both at the Board level and among our executive leadership team. Our Nominating and Corporate Governance Committee oversees our approach to sustainability, including environmental strategy, and reports on these matters to the full Board of Directors. Among our leadership team, we have set up a management-level sustainability committee to oversee Shoals' progress on sustainability, of which climate-related matters are a key component. This work is supported by our Director of Sustainability who manages climate-related risks and opportunities, in coordination with other internal team members and external advisors.



Our Strategy to Address Identified Climate Risks & Opportunities

In assessing how to best approach the impacts of climate-related risks and opportunities on our business, we identified and prioritized the risks most significant to our operations, considering not only their potential to disrupt business continuity and operating results, but also their broader implications for regulatory compliance, corporate reputation, and long-term sustainability. We have also identified avenues for us to harness our strengths to act on potential opportunities. Below, we outline the outcomes of this exercise – these identified risks and opportunities underscore the necessity of integrating climate resilience into our strategic planning and operational processes, preparing our organization to navigate the challenges posed by a changing climate.



KEY CLIMATE RISK 1:**Geographic Concentration and High-Impact Events**

Our operations face heightened vulnerability due to geographic concentration. High-impact events such as natural disasters could significantly disrupt business operations, leading to substantial operational and financial consequences.

KEY CLIMATE RISK 2:**Weather-Related Operational Disruptions**

Extreme weather events exacerbated by climate change pose significant threats to our operations. Tornadoes, hurricanes, wildfires, severe winds, extreme heat, hail, and other storms could result in physical damage, operational downtime, increased repair costs, supply chain disruptions, and heightened safety risks for our workforce.

KEY CLIMATE OPPORTUNITY 1:**Low Carbon Energy Solutions**

Given the nature of our products, we see opportunity in the transition towards electrification and low-carbon energy solutions. Our technologies are ideal for facilitating this transition, promoting more efficient and sustainable energy systems. By utilizing our expertise, we can help lower carbon emissions and improve energy security.

While our initial assessment focused on qualitative evaluations, we recognize the critical need to quantify the financial implications of these risks. As part of our commitment to continuous improvement, future iterations of our climate risk assessment will integrate quantitative metrics and models.

Our Process for Climate-Related Risk Management

In order to address climate-related risk in an effective manner, we have incorporated climate risk into Shoals' Enterprise Risk Management (ERM) assessment. This involved a thorough evaluation of how climate-related factors could impact our operations, financial performance, and strategic objectives, built upon the specific risks and opportunities outlined above.

Incorporating climate risk enhances our ability to anticipate and mitigate disruptions, driving resilience against environmental challenges. This proactive approach safeguards our business and aligns with our commitment to sustainability and responsible governance. Through this robust risk assessment process, we evaluated the likelihood of occurrence and potential financial impact of climate-related risks, incorporating valuable insights from key organizational stakeholders.

Our Accounting on Climate-Related Metrics & Targets

We analyze Shoals' climate-related performance through the calculation of our greenhouse gas emissions – specifically, Scope 1 and 2 GHG emissions, as well as relevant categories of Scope 3 GHG emissions. Detailed information on how we calculate our carbon footprint and Shoals' recent performance can be found on page 19.

SOCIAL

Our commitment to social responsibility is deeply ingrained in our corporate ethos and business practices. We incorporate safety, quality, sustainability, and other responsible business principles into our operations and across our value chain. To foster a collaborative and innovative workplace, we strive to continuously invest in our people and contribute to the communities where we work.

2027 Social Goals

- Obtain ISO 9001 and 14001 certifications for Mega facility in Portland, TN
- Maintain an annual TRIR rate 20% below industry benchmark for three consecutive years

Environment, Health and Safety

Responsibility is a core value for us, reflected in our commitment to quality and safety in all we do. Our leadership team actively oversees our health and safety strategy, receiving regular updates and reviewing metrics at monthly meetings. Their focus on safety sets the standard for the entire company, fostering a culture where employees feel accountable for each other's wellbeing.

We've aligned our EHS programs with ISO 14001 and ISO 45001 standards to facilitate the integration of environmental management with occupational health and safety management. Our Muscle Shoals facility is ISO 45001 certified, and we have set a goal to obtain ISO 9001 and 14001 certifications for our new facility in Portland, TN by the end of 2027.



We strive to continuously invest in our people and contribute to the communities where we work.

EHS OVERSIGHT

Our EHS program is led by two EHS managers who report to the Director of Operations. The EHS managers are supported by team members responsible for developing, maintaining, and improving our EHS management system and ensuring compliance with EHS laws and regulations. Our executive team provides quarterly updates to the Board on key EHS metrics.

EHS PRINCIPLES

- Maintain or surpass all pertinent EHS obligations through recurring metric reviews
- Strengthen and encourage strong principles and responsible workplace policies that enhance EHS integrity
- Encourage the implementation of sensible EHS standards for contractors, vendors, and suppliers on Shoals properties
- Convey EHS strategies and systems to Shoals employees and stakeholders
- Operate in a manner that strengthens safety, promotes energy efficiency, and helps protect the environment
- Make certain that all employees are aware of their responsibility and obligation to abide by our EHS management systems and policy

Our EHS manual is attached to our human resources manual, which employees are required to review and sign during onboarding. The manual identifies workplace and environmental hazards, our EHS protocols and procedures, and helps ensure that we meet legal and regulatory requirements.

We are strengthening our commitment to injury prevention by evaluating third-party ergonomic risk assessments, hazard assessments, and daily audits and checklists across all our operations. Both process-oriented and physical workspace improvements were implemented, and include:



Process Improvements

- Formalizing personal protective equipment standards
- Initiating daily safety inspections and monthly extensive inspections at warehouse locations

Workspace Improvements

- Expanding machine guards to increase protection from moving and rotating parts
- Conversion of static workstation to conveyor style workstations
- Installing dome mirrors to increase visibility
- Reducing pedestrian-forklift interactions

Over the summer, we hosted a “Summer Safety Campaign” series that consisted of ergonomic training, as well as opportunities for employees to become safety committee members, and the selection of “safety champions” at each plant. By actively encouraging participation in our Summer Safety Campaign, we empowered all employees to share their feedback, fostering a more supportive and collaborative work environment.

We ensure that our Safety Vision Statement is posted on banners at all locations and reinforced through our daily awareness practices and routine training events.



“Creating a safe and inclusive work environment where employees feel heard and valued is another way to give back. Improving safety and fostering a positive culture where people feel seen is crucial. Success is achieved when the team is actively involved in building and implementing ideas, rather than a top-down approach. It’s about creating an environment where employees feel comfortable sharing their ideas and are excited to be part of the change.”

Kirsten Moen, COO



SAFETY TRAINING AND AWARENESS

Clear, consistent, and frequent safety communication is the cornerstone of our safety culture. Safety information is incorporated into meetings at all levels of the organization, including our daily “What’s Important Now” (WIN) meetings, monthly town halls, monthly business review meetings, and quarterly Board meetings. At our daily WIN meetings, key plant leaders at each facility meet in-person to discuss quality assurance, warehouse safety, incident management, and follow-up on employee-reported observations and suggestions. This cross-departmental communication helps ensure safety is ingrained in daily operations and fosters collaboration on safety matters across our organization.

We are proud of our Safety Catch Program, which we significantly expanded in 2024. This program empowers every employee on our production floor to identify safety hazards, report them for correction, and stop work, if needed. We also encourage employees to submit

safety catch nominations when they see other employees mitigating safety hazards. The program leverages safety champions to encourage employees to participate. To further drive engagement, employees who submit a safety catch are eligible to win a prize via a monthly drawing. Our EHS team regularly reviews the feedback for corrective actions and analyzes the feedback for factors that could contribute to a recordable incident. In 2024, we increased our safety catches 16 times compared to 2023, allowing us to stay proactive and prevent incidents before they happen.

Training is another cornerstone of our safety program. Our full-time and hourly employees receive onboarding, topic-specific training, and role-specific safety training, and we continue to enforce our EHS and HR-based trainings for all our floor supervisors. These help to ensure awareness and communication of safety competencies and insights.

1 Incident rates are calculated using OSHA-defined formulas.

2 Benchmarking data is from U.S. Bureau of Labor Statistics, U.S. Department of Labor, Survey of Occupational Injuries and Illnesses, “Table 1. Incidence rates of nonfatal occupational injuries and illnesses by industry and case types,” using NAICS Code 334419 Other electronic component manufacturing. Data is released each year for the previous year – benchmarking data therefore lags one year with Shoals’ fiscal year data.

Safety Incident Rates ¹	2022	2023	2024
Days Away, Restricted, and Transfer Rate (DART)	1.22	0.87	0.77
Industry Benchmark ²	0.9	0.9	0.9
Lost Time Incident Rate (LTIR)	0.33	0.26	0.26
Industry Benchmark	0.6	0.4	0.4
Total Recordable Incident Rate (TRIR)	1.33	1.31	1.45
Industry Benchmark	1.5	1.7	1.7

People and Culture

We are committed to creating an operating model that prioritizes organizational training and cultivates strong, interconnected relationships across all departments. This approach not only drives operational excellence but also helps us build and strengthen our company culture. With a significant number of new hires in 2024, our focus on continuous education and process building enables consistent alignment with our goals and values, paving the way for sustained success and a cohesive, high-performing team. We continue to advance our efforts in fostering a positive and welcoming workplace culture, driving employee and community engagement, and attracting top-tier talent.

SUPPORTING AND DEVELOPING OUR EMPLOYEES

At Shoals, we are committed to maintaining a market-leading compensation strategy for our employees. In 2024, our Vice President of Total Rewards conducted a comprehensive market pay analysis to ensure our compensation remains competitive and aligned with evolving labor market trends.

As part of our strategic workforce planning, we also implemented a formal job architecture framework. This structure establishes a consistent and transparent foundation for how roles are defined, evaluated, and rewarded across the organization. It introduces clear job families, levels, and career

“Our people are at the heart of our competitive advantage. As we continue to grow, we remain committed to cultivating a strong culture rooted in opportunity, engagement, and development. Programs like ESL, Shoals Serves, and our apprenticeship initiative are clear examples of how we invest in our diverse workforce and connect with the communities we serve.”



James Hart,
Chief People Officer

paths, enabling employees to understand how their roles contribute to the company and what growth opportunities are available.

Our job architecture reinforces a job value hierarchy, supports equitable compensation decisions, and improves internal mobility by providing clear pathways for development and advancement. Additionally, it helps ensure alignment between compensation, performance, and organizational goals – fostering a culture where contributions are recognized and rewarded consistently.



- FROM THE CEO
- ABOUT US
- SUSTAINABILITY STRATEGY
- ENVIRONMENTAL
- SOCIAL**
- GOVERNANCE
- APPENDIX

2024 People by the Numbers



Our Talent Management Strategy

Career Pathing and Leadership Development

We invest in our people by offering opportunities for growth, learning, and leadership development at every stage of their careers.

- Individual goal setting and development through structured performance management plans
- Targeted leadership and development training for emerging and current leaders
- On-the-job technical and cross-functional skills training to support career mobility
- Succession planning for key roles to build a strong internal talent pipeline
- Manager training on how to support employee development and career conversations
- Access to online learning platforms and resources for self-paced skill building



Fair and Competitive Compensation

We ensure our compensation practices are equitable, market-aligned, and performance-driven.

- Regular benchmarking of total cash compensation against industry and regional labor markets leveraging external compensation survey data
- Proactive wage increases to maintain competitiveness and recognize employee value
- Structured pay ranges informed by our job architecture and job evaluation methodology
- Commitment to pay equity and transparent compensation processes with oversight from leadership
- Annual compensation reviews that align with individual performance, company goals, and market trends
- Compensation decisions calibrated across departments to ensure consistency and fairness
- Thoughtfully designed incentive programs that recognize and reward individual and team performance

Recognition

We foster a culture of appreciation by celebrating achievements and contributions across all levels of the organization.

- Employee accolades and milestone celebrations during monthly town halls
- WIN (“What’s Important Now”) meetings to recognize excellence among production floor leaders
- Peer-to-peer recognition programs that encourage team members to acknowledge one another
- Service awards to honor employee tenure and loyalty



Benefits and Wellbeing

We offer a comprehensive benefits package to support the holistic wellbeing of our employees and their families.

We were proud to add the highlighted items in 2024.

Medical Benefits

- Medical, dental, and vision coverage with multiple plan options
- Health Savings Accounts (HSA) and Flexible Spending Accounts (FSA) to support financial wellness
- **Medical fertility coverage**
- **Dental buy-up plan**

Time Away

- Paid vacation days based on tenure, promoting work-life balance
- Leave of Absence (LOA) program, including paid parental leave, personal leave, and job-protected medical leave
- **Two floating holiday days**

Financial Support

- Employer-paid long-term disability and life insurance coverage
- 401(k) retirement plan with competitive company matching contributions
- **Employer-paid identity theft protection**

Wellness Programs

- Employee Assistance Program (EAP) offering mental health, legal, and financial support
- **On-site employer-paid biometric screenings and flu shots**
- **Employer-paid fitness app**

Workforce Involvement and Engagement

Ensuring that our employees are engaged and informed on our mission, values, and business goals is one of the keys to our success. Whether it's through action plans from our annual employee engagement survey, ongoing training programs for frontline leaders, or improving our onboarding program for new employees, we are always seeking to promote open communication and provide opportunities for team members to share their perspectives.

To that end, we host a monthly First Cup coffee event that enables employees to meet in an informal setting with a member of our executive team and share feedback or ask questions. We also host a monthly town hall where our executive team provides updates on our company goals and other happenings. To ensure all our employees are aware of company activities and updates, we use our Shoals Speak platform to translate company communications into the six languages that are spoken across our employee base.

Co-op and Apprenticeship Programs

In 2024, we developed a comprehensive co-op program aimed at recruiting recent high school graduates to start their career at Shoals. We formed strategic partnerships with local high schools in Tennessee, allowing us to attract students who are eager to enhance their technical skills and gain hands-on experience through our two-year rotational program. This program is thoughtfully designed to include mentorship and coaching, fostering a supportive and collaborative work environment.

Once students graduate from our co-op program, they can apply to our newly-established apprenticeship program. This program is tailored to teach participants complex technical and mechanical skills that are key to the growth of our workforce. To further enhance our team's skills, we sponsor individuals to return to school to obtain degrees in PLC programming, which supports our automated workstations. Our multi-year program also emphasizes the development of soft skills and focuses on leadership training, preparing participants for managerial and supervisory roles within maintenance management.

Investing in mentorship and the development of skilled technical roles supports the growth and success of our participants while also contributing to the advancement and sustainability of the manufacturing industry as a whole. We are excited to expand these programs in 2025 and will continue to closely monitor their success.



FOSTERING INCLUSION AND INVOLVEMENT

Supporting an Inclusive Work Environment

We remain committed to the long-term strategic benefits of diversity and inclusion initiatives, recognizing their pivotal role in driving positive outcomes for our business, enabling us to better meet the needs of our customers, and creating long-term value for our stockholders. Our goal is to cultivate a workplace where everyone feels welcomed, valued, respected, and treated fairly.

As an equal opportunity employer, we work to protect all employees from discrimination. Our commitment to diversity and inclusion does not and has never included quotas or systematic preferences, nor does it mean compromising merit. We will continue our outreach, recruitment, hiring, and retention of diverse groups at all levels of our workforce, including leadership roles. We believe that these efforts enhance our capacity to attract and retain employees who will help our business innovate and succeed. We also focus on listening, learning, and responding to our employees' concerns to help ensure that we can provide a diverse, equitable, and inclusive workplace today and into the future.

Language Accessibility

At Shoals, more than half of our frontline workforce are non-English speakers. To ensure that our teams can communicate effectively, operate smoothly, and be a part of the Shoals community, we implemented a Language Leader Program. Through this program, designated leaders at each of our facilities assist colleagues with language needs. This initiative has contributed to reduced turnover and improved communication among our production employees.

To foster community and clear communication across the Company, we continue to use our Shoals Speak platform. Through this technology, we send company-wide and

“As the VP of Sales at Shoals, I’ve had a front-row seat to our Company’s remarkable journey. Attending the Women in Manufacturing Summit in Boston recently offered me fresh insights on navigating change that align with the innovative spirit, commitment to quality, and customer-centric approach that define how Shoals creates simpler, safer, and more efficient systems. The camaraderie and encouragement I’ve found through WiM has strengthened my journey and given me a deep sense of belonging and empowerment, enabling me to support our commitment to excellence and innovation.”

Karen Bazela, VP of Sales



team-specific text messages to communicate everything from change of hours, shift changes, emergency measures, open enrollment periods, and birthdays. For new hires and offboarded employees, Shoals Speak automatically sends feedback surveys to drive our continuous improvement efforts. The platform also has a built-in translation function to better accommodate employees whose native language is not English.

Community Impact

At Shoals, we are committed to the importance of giving back to the communities where we operate. To act on this commitment, in October 2024, we kicked off our Shoals Serves campaign. Led by a team of 13 cross-functional volunteers, who serve on the Shoals Serves Committee, this group leads the planning and execution of our community involvement efforts. Some of our event highlights in 2024 included: a Go Pink to Give Back fundraiser for the Nashville Chapter of the Susan G. Komen Foundation resulting in a \$10,000 donation from Shoals, financial contributions to other Portland-area organizations; and visits and volunteering efforts at Portland area assisted living facilities and animal rescue shelters.

In addition to community service, our Shoals Serves program focuses on giving back through financial contributions. Under our community giving program, employees can nominate eligible nonprofit 501(c)(3) organizations for Shoals Serves to support, aligning our contributions to causes that our employees believe in.

2024 Key Community Giving Themes

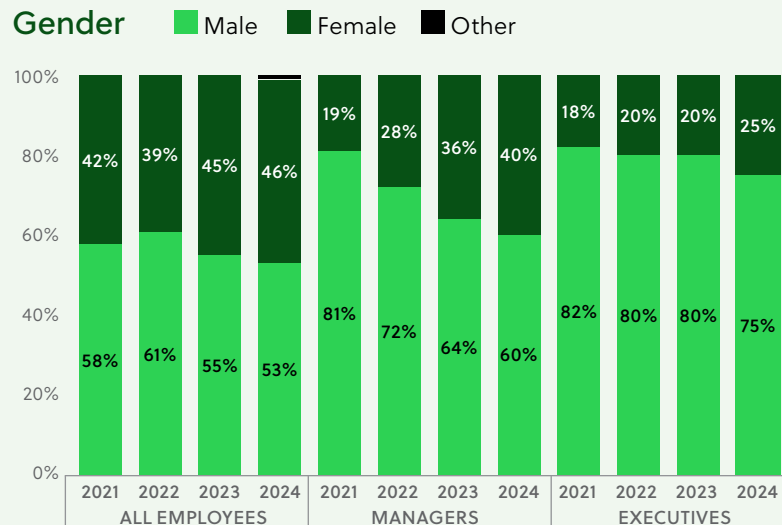
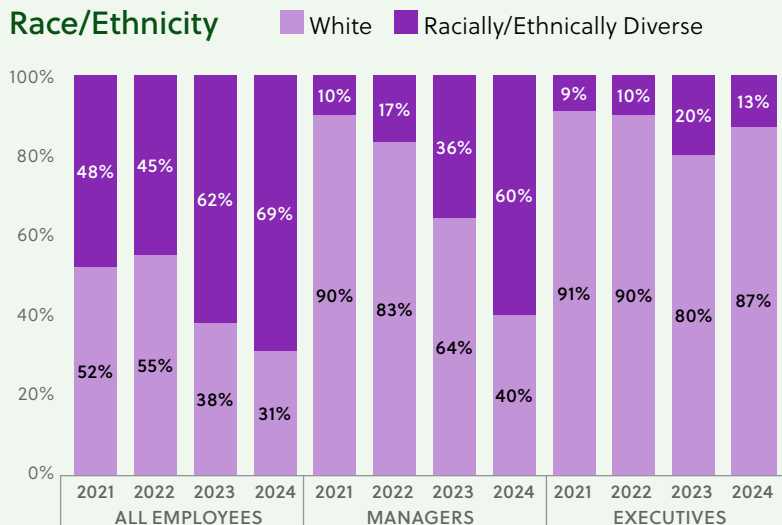
- **Environmental Conservation:** Promoting sustainable practices and investments in environmental conservation
- **Technology:** Supporting technological advancements and digital inclusion
- **Education:** Enhancing educational opportunities and resources
- **Local Community:** Strengthening the communities we are part of through various local projects

Through our Shoals Serves program, we aspire to cultivate a vibrant and interconnected community where individuals are actively engaged, supported, and empowered to create a brighter future together.

Strategic Partnerships

Shoals remains a strategic partner with Women in Manufacturing (WiM), a nonprofit trade association, open to men and women, dedicated to empowering women in the manufacturing industry. With labor scarcity continuing to challenge the sector, supporting and advancing women in manufacturing is a business imperative. WiM's strong network of local chapters, driven by dedicated volunteers, provides the grassroots support needed to retain and grow a skilled workforce. WiM offers a variety of virtual and in-person events, such as networking sessions, professional development workshops, and plant tours, providing valuable opportunities for members and industry professionals to connect, learn, and grow.

Employee Demographics*



* ALL EMPLOYEES refers to our full-time employee base. MANAGERS includes full-time employees with management responsibility, including VPs, supervisors, and functional experts. EXECUTIVES are full-time employees who are members of the executive management team, including the CEO and direct reports. Based on a December 31, 2024 headcount, All Employees, Managers, and Executives represented 1,209; 93; and 8 individuals, respectively.

Supply Chain Management

As demand for clean energy technologies continues to grow, securing supply chains for crucial materials becomes essential. In 2024, we focused on improving our supply chain resiliency by diversifying our supplier base through qualification of additional sources, executing master supply agreements with critical suppliers, and improving availability of components. In 2025, we will capitalize on our more resilient supply chain to drive improvements in our scheduling process and to enhance utilization of our ERP system.

As a Tier 1 supplier, we focus on developing and maintaining procurement approaches that uphold our commitment to responsible business practices across our value chain. The cultivation of strategic partnerships, along with the implementation of compliance standards programs with our critical suppliers, are important elements of this process.



SUPPLY CHAIN OVERSIGHT

Our supply chain and quality assurance teams are dedicated to helping ensure that our material procurement processes and practices meet our quality standards and regulatory compliance requirements. The teams oversee our raw material categories and cultivate supplier partnerships to help ensure they are operating in accordance with our Supplier Code of Conduct. To support the coordination among the teams, our VP of Sourcing oversees sourcing and vendor management across our wide network of suppliers.

SUPPLIER COMPLIANCE

We expect our suppliers to adhere to the same regulatory and sustainability standards to which we hold ourselves. We require our suppliers to be in compliance with our [Supplier Code of Conduct](#), which outlines our expectations for workplace standards and business practices, including issues related to wages and benefits, human rights, conflict minerals, business ethics, health and safety, and environmental management, among others. We also expect our suppliers to comply with the laws, rules, regulations, and standards in the countries in which they operate. We inform each of our suppliers of our expectations through statements of requirements delivered in the contracting process.

In 2024, we developed a critical supplier scorecard to assess supplier quality performance. We are exploring opportunities to enhance our program with a centralized and systematic vendor audit and management program. These will further bolster our objectives of ensuring compliance with our Supplier Code of Conduct along with identifying cost-saving opportunities, quality improvements, and operational efficiencies within our procurement program. In 2025, we're adding environmental and social topics to our audit and scorecard process.

Product Quality

Quality remains a top priority in product development and assembly. In 2024, we refined our quality control and review processes, implementing a centralized quality management and sourcing approach and advanced monitoring system. Additionally, we continue to invest in employee training programs to enhance skills and foster a culture of quality and accountability, significantly improving our ability to deliver high-quality products. Our Director of Quality oversees our quality systems for existing and prospective suppliers' process specifications and our incoming and outgoing materials. The Director reports to the Chief Operating Officer and is supported by our quality assurance team.

QUALITY PROCEDURES AND PRACTICES

Our quality management systems are aligned with the ISO 9000 standards and its seven principles. As we continue to advance our systems and processes, we aim to achieve ISO 9001 certification by 2027.

QUALITY TRAINING

Our policies and procedures set the framework for our Quality program, while we rely on our trainings to ensure that these practices are successfully implemented. During the past year, we implemented Quality Clinics at each of our manufacturing plants to improve our cross-functional approach to incoming quality inspections, investigations, training, and orientations.

Product Safety

At Shoals, product safety has always been our unwavering priority. In our industry, EBOS components are mission-critical products that have a high consequence of failure, including lost revenue, equipment damage, fire damage, and serious injuries or deaths. Our dedicated R&D team strives to create innovative products that enhance reliability and safety while our quality assurance team helps to ensure our products meet our standards as they leave our factory.

PRODUCT SAFETY PROCEDURES AND PRACTICES

Our meticulously designed and manufactured solutions surpass the safety and reliability of conventional EBOS systems. Our factory assembly of connectors reduces system failures and arc-fault fires caused by installation errors, mechanical damage, or faulty components. Our products come with a warranty covering material defects and workmanship under normal conditions.

Quality assurance and safety are paramount across all our manufacturing facilities. Rigorous testing ensures our products withstand challenging conditions, including high winds and storms. All Shoals products are listed to or comply with the relevant UL and IEC standards, enabling installations to be completed in accordance with National Electric Codes.

GOVERNANCE

Our careful consideration of business challenges and proactive risk assessment are central to our decision-making and future success. This approach, rooted in our core values, reinforces our commitment to responsible business practices. Prioritizing integrity and transparency, we meet the expectations of our customers, employees, shareholders, and all stakeholders.

Corporate Governance

Strong corporate governance is crucial to our sustainability strategy and long-term success. We incorporate best practices to serve our shareholders' interests and ensure effective oversight by our Board. In response to shareholder input, our management proposed and our shareholders approved an amendment to our Certificate of Incorporation at the 2024 Annual Meeting, to declassify the Board and phase in the annual election of directors. Starting with the 2025 Annual Meeting of Shareholders, directors up for election will be elected for one-year terms, and beginning with the 2027 Annual Meeting of Shareholders, all directors will be elected for one-year terms. Of note, as part of the declassification amendment last year, we also removed the provisions whereby directors can only be removed for cause, and only with supermajority vote. Starting at our 2027 Annual Meeting, directors may be removed with or without cause, with a majority vote.

CORPORATE GOVERNANCE STANDARDS AND PRACTICES

Our Board supervises our management, business operations, and overall affairs. The structure for executing these responsibilities is outlined in our Corporate Governance Guidelines and further supported by our standing committee charters. These charters, reviewed annually, detail the functions and duties of our three standing committees, including:

- **Audit**
Reviews our policies, guidelines, and processes by which management assesses and manages risk; reviews the adequacy of our internal controls over financial reporting
- **Compensation**
Reviews and approves enterprise-wide compensation-related policies and programs; establishes the overall executive compensation philosophy and practices
- **Nominating and Corporate Governance**
Develops Board and committee membership criteria; reviews and monitors sustainability strategy and programs; advises on corporate governance best practices

Key elements of our corporate governance practices include:

- One vote per share of common stock
- No designated directors
- Independent Chair of the Board
- Fully independent committees
- No directors serving on more than three other public company boards
- Annual performance evaluations
- Succession planning
- Double-trigger change-in-control vesting of equity awards

BOARD COMPOSITION

Our Board's success relies on directors with diverse personal attributes and professional qualifications. Guided by our Corporate Governance Guidelines, we select individuals who demonstrate ethical integrity, accountability, sound business judgment, and risk management expertise. Directors set the company's strategic direction and ensure management meets its objectives. Board members must be well-versed in our business, the regulatory landscape, and societal context in which we operate.

Business Ethics and Integrity

We continue to uphold the highest ethical standards and accountability. Our Code of Ethics defines our guiding principles, detailing the expected actions and behaviors across all operations. We communicate our standards and expectations to employees annually and continuously enhance their understanding of ethics and compliance through regular education and training. Our legal team helps ensure we adhere to all applicable laws and regulations.

Our Speak-Up Culture

At Shoals, integrity is a fundamental core value. We encourage our employees and third parties to report any suspected violations of our Code of Ethics or policies through our 24/7 hotline (available in both English and Spanish), our dedicated reporting website, our HR team, a direct supervisor, or a designated executive. Our employees can report suspected violations as outlined in our whistleblower and EEO policy. We are dedicated to cultivating a “speak-up culture” where employees feel safe raising concerns with management. We strictly prohibit retaliation against anyone who makes a good-faith report of a known or suspected violation of our policies or Code of Ethics.

ETHICS AND INTEGRITY POLICIES

Our business practices are guided by [policies and procedures](#) that promote responsible behavior and uphold ethics and integrity. In 2024, we implemented training programs to ensure all employees, including contractors, receive Code of Ethics training, with most also receiving anti-bribery training. We plan to expand our training initiatives further in 2025.

Our business practices are grounded by the following policies and pillars:

Core Values

Guides our interactions with each other and focuses our attention on achieving our mission and vision

Code of Ethics

Outlines the conduct, actions, and compliance expectations for engaging in business interactions and activities with honesty, integrity, and fairness

Human Rights Policy

Underscores our dedication to respecting human rights, as defined by the Universal Declaration of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work

Supplier Code of Conduct

Details the ethical and compliance standards we expect our suppliers and business partners to maintain, concerning: Health, Safety, and the Environment; Workplace, Labor, and Human Rights; and Business Conduct and Ethics

Anti-Bribery and Anti-Corruption Compliance

Guides our compliance with relevant anti-corruption laws, including, but not limited to, the U.S. Foreign Corrupt Practices Act (FCPA) by preventing corruption and promoting ethical business practices in international commerce

Clawback Policy

Provides for the recoupment of certain executive compensation in particular circumstances, including a required restatement of our financial statements due to the material noncompliance with any financial reporting requirement under federal securities law

Insider Trading Policy

Offers detailed guidance on identifying material non-public information and outlines prohibited transactions, disclosure policy, and training and education, ensuring strict compliance and adherence to ethical standards



Enterprise Risk Management

At Shoals, Enterprise Risk Management (ERM) is essential for achieving our goals, enhancing performance, and increasing long-term value creation for our stakeholders.

ERM OVERSIGHT

Our Board oversees an enterprise-wide approach to risk management. The Board encourages management to foster a corporate culture that integrates risk management into the company's overall strategy and daily operations. A fundamental part of risk management is not only understanding the most significant risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for a given company. The involvement of our full Board in reviewing our business is an integral aspect of its assessment of our risk profile and its determination of what constitutes an appropriate level of risk.

While our full Board manages risk oversight, it has assigned specific risks to its committees.

Audit Committee

Monitors our major financial risk exposures and cybersecurity risks and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken.

Compensation Committee

Oversees the design and implementation of our compensation and benefits programs and policies and monitors the incentives created by these programs and policies to determine whether they encourage excessive risk-taking.

Nominating and Corporate Governance Committee

Oversees our major corporate governance risks, including advising on best practices and corporate governance principles.

Our Board addresses the primary risks associated with our business, such as regulatory and legal risks and strategic planning. Our Board proactively addresses emerging threats and risks in our evolving industry.

We ensure our Board and its committees are regularly informed about business threats and risk mitigation processes. During periodic meetings, management reports to and seeks guidance from the Board and its committees on the most significant risks affecting our business.

IDENTIFYING AND MANAGING OUR ENTERPRISE RISKS

In 2024, we refreshed our annual ERM risk assessment to proactively manage risks and identify opportunities. For the first time, we also include risk assessment questions related to climate-change and its potential impact on our business. The process included in-depth interviews and surveys with executives and key internal stakeholders identified by the executive leadership team. These efforts collectively helped pinpoint a list of potential internal and external risks relevant to the company. The executive leadership team then distilled this list into key thematic areas, prioritizing critical areas for 2025. The results of our ERM assessment and the key thematic areas were shared with the Board for discussion.

We implemented a structured approach by assigning dedicated risk owners to each identified risk. These owners will be responsible for actively managing, monitoring, and mitigating risks within their respective areas, ensuring accountability and fostering a proactive risk culture across the organization. This initiative will enable more effective risk oversight, streamline decision-making, and strengthen our overall resilience against emerging challenges. More information about climate-related risks can be found in the [Assessing Climate Risk](#) section of this Report.

Data Privacy and Information Security

We are committed to protecting the privacy and security of the information entrusted to us by our employees, customers, suppliers, and business partners. Our commitment to maintaining a high level of privacy and security within our systems is reflected in our cybersecurity procedures. We have an information security risk program that is structured according to the National Institute of Standards and Technology (NIST) Cybersecurity Framework as well as industry best practices and relevant regulatory requirements.

DATA PRIVACY & SECURITY OVERSIGHT

Our VP of IT oversees our data privacy and security program. The VP of IT has a direct line to our President and reports to our Board and Audit Committee, which has been delegated primary oversight over cybersecurity risks and the steps our management takes to monitor and control these exposures. The Director of Cyber Security and Infrastructure leads the day-to-day operations of our information technology team responsible for implementing our data privacy and security programs and policies. Additionally, the VP of IT oversees our cyber incident response team (IRT) that executes our incident response procedures in the event of a data privacy or security event and conducts annual exercises simulating cybersecurity and data breach incidents. The IRT is comprised of internal members from finance, legal, human resources, and operations, and external cybersecurity vendors and advisors. With this organizational structure, we strive to embed data privacy and security vigilance across all our departments.

We continue to invest in our IT team to improve security during employee onboarding and offboarding and ensure that systems are in place to automatically detect and respond to unusual activity.

DATA PRIVACY & SECURITY POLICIES AND PRACTICES

Our policies and procedures guide our actions to ensure we secure our systems and continuously monitor our environments for potential threats. Our comprehensive approach includes:

Information Security Policy

Defines our information security system's configuration and hardening requirements, including requirements for password protection, system auditing, and information retention.

Cybersecurity Policy

Addresses appropriate preventative measures to avoid a cybersecurity incident, including data security procedures, communication, assessments, and awareness, among others.

Privacy Policy

Details our practices for the collection, use, storage, and disclosure of information.

Ongoing Prevention Practices

Prevents disruptions within our operations including service disruption monitors, weekly logs of firewalls, antivirus software, anti-malware and intrusion protection systems, penetration testing, externally stored personal identifiable information (PII) with robust security layers, 3-layer security approach to our internal data systems with immutable backup, and tailgate entrances prevention at physical locations.



BUSINESS CONTINUITY AND DISASTER RESPONSE

Our Incident Response Plan enhances preparedness, coordination, and communication in the management of cybersecurity and data breach incidents. Our cyber incident response team conducts routine exercises to monitor our performance and identify potential threats. We conduct tabletop scenario exercises that include real-world scenarios to assess the state of disaster preparedness for each of our departments.

DATA PRIVACY AND SECURITY TRAINING AND AWARENESS

We are committed to building cybersecurity awareness and increasing the knowledge of our security protocols through proactive programs and resources for all our employees with network access. These efforts include:

- Monthly online cybersecurity training
- Routine phishing exercises with supplemental remedial training as needed
- Periodic awareness campaigns on data privacy and security best practices
- Improved communications with digital boards and newsletters



APPENDIX

TCFD Index

This index provides links to our Sustainability Report sections where information can be found on climate-related risks and opportunities, as recommended by the Task Force on Climate-related Financial Disclosure (TCFD). Our existing alignment is outlined below, and we eagerly anticipate further enhancing our alignment over time, with a commitment to transparently report on our progress annually.

TCFD RECOMMENDATIONS	SHOALS ALIGNMENT AND REFERENCE
<p>GOVERNANCE</p> <p>Disclose the organization’s governance around climate-related risks and opportunities.</p>	<p>See Assessing Climate Risk section.</p>
<p>STRATEGY</p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.</p>	<p>See Assessing Climate Risk section.</p>
<p>RISK MANAGEMENT</p> <p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>See Assessing Climate Risk section.</p>
<p>METRICS AND TARGETS</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>See Assessing Climate Risk section.</p>

SASB Index (1/3)

This index includes Shoals information relevant to the SASB industry standard for Solar Technology & Project Developers, which we believe is most relevant to our operations. Data and descriptions are as of December 31, 2024, unless otherwise noted.

SASB TOPIC	SASB ACCOUNTING METRIC	SHOALS ALIGNMENT AND REFERENCE
ENERGY MANAGEMENT IN MANUFACTURING	Total energy consumed	10,761 MWh
WATER MANAGEMENT IN MANUFACTURING	1. Total water withdrawn 2. Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	1. 19,696 cubic meters* 2. Not reporting on data at this time
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Our production processes utilize minimal water. The water employed is primarily for cooling components of our injection molding machines, operating within a closed-loop system that facilitates water reuse. Over 98% of the water withdrawn by Shoals is designated for non-production purposes, such as sanitation. See Waste and Water Management section.
HAZARDOUS WASTE MANAGEMENT	Amount of hazardous waste generated; percentage recycled	Our manufacturing does not produce any wastes that are qualified as hazardous.
	Number and aggregate quantity of reportable spills, quantity recovered	

*Total water withdrawn does not include one of our California facilities, which represented less than 3% of our total facility square footage in 2024.

SASB Index (2/3)

SASB TOPIC	SASB ACCOUNTING METRIC	SHOALS ALIGNMENT AND REFERENCE
ECOLOGICAL IMPACTS OF PRODUCT DEVELOPMENT	Number and duration of project delays related to ecological impacts	Not applicable. Shoals provides products to EPCs who develop and manage projects.
	Description of efforts in solar energy system project development to address community and ecological impacts	<p>Our products enable EPCs to significantly reduce environmental and ecological impacts, enhance safety, and lower both costs and installation time compared to traditional homerun EBOS systems. For instance, the Shoals BLA system eliminates the need for trenching, thereby preventing damage to soil, water, vegetation, and wildlife. In 2024, The Gemini project addresses community and ecological impacts by engaging with local stakeholders and implementing measures to protect biodiversity, such as translocating threatened species. It also minimizes environmental disruption by avoiding harmful practices like trenching, thereby preserving soil, water, vegetation, and wildlife.</p> <p>See more in Gemini Project Case Study.</p>
MANAGEMENT OF ENERGY INFRASTRUCTURE INTEGRATION AND RELATED REGULATIONS	Description of risks associated with integration of solar energy into existing energy infrastructure and discussion of efforts to manage those risks	Shoals solutions are uniquely designed to support clean energy while minimizing risks associated with conventional EBOS systems. Our products meet or exceed relevant safety standards and our design process considers the risks associated with integrating solar energy into existing infrastructure – such as high labor costs, safety concerns, and environmental damage.
	Description of risks and opportunities associated with energy policy and its impact on the integration of solar energy into existing energy infrastructure	We are proud to contribute to domestic manufacturing, creating jobs and boosting the local economy. By supporting energy independence, we help reduce reliance on foreign energy sources, enhance national security, and promote a sustainable future through the adoption of renewable energy technologies.

SASB Index (3/3)

SASB TOPIC	SASB ACCOUNTING METRIC	SHOALS ALIGNMENT AND REFERENCE
PRODUCT END-OF-LIFE MANAGEMENT	Percentage of products sold that are recyclable or reusable	Data not being reported at this time.
	Weight of end-of-life material recovered; percentage recycled	Data not being reported at this time.
	Percentage of products by revenue that contain IEC 62474 declarable substances, arsenic compounds, antimony compounds, or beryllium compounds	Our manufacturing does not involve the use of IEC 62474 declarable substances, arsenic compounds, antimony compounds, or beryllium compounds.
	Description of the management of environmental risks associated with the polysilicon supply chain	Our manufacturing does not involve the use of polysilicon.
MINERALS SOURCING	Description of the management of risks associated with the use of critical materials	Our quality assurance department employs a centralized testing approach for critical materials, ensuring adherence to our Supplier Code of Conduct, which has both environmental and human rights considerations, among others. See Supply Chain Management section.
	Description of the management of environmental risks associated with the polysilicon supply chain	Our manufacturing does not involve the production of solar cells or modules.

Disclaimer

Reporting Year

Except where specifically noted otherwise, the reporting period for this report focuses primarily on fiscal year 2024 activities. All references to a year throughout the report refer to Shoals' fiscal years, unless another period is specified. This report was published in August 2025.

Data Assurance

Data in this report reflects estimates using methodologies and assumptions believed to be reasonable and accurate. Those estimates, methodologies and assumptions may change in the future as a result of new information or subsequent developments.

Forward-Looking Statements

The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of that information. This report contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include statements that are not historical facts and can be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "will," "would" or similar expressions and the negatives of those terms. These forward-looking statements include, among other things, expectations, projections and assumptions about our sustainability program and goals and business outlook, priorities, expectations and intentions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially

different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this report. You should read this report with the understanding that our actual future results may be materially different from what we expect. More information on risks, uncertainties, and other potential factors that could affect our business and performance is included in our filings with the SEC, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of Shoals' most recently filed periodic reports on Form 10-K and Form 10-Q and subsequent filings. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. Additionally, terms such as "ESG," "impact" and "sustainability" can be subjective in nature, and there is no representation or guarantee that these terms will reflect the beliefs or values, policies, principles, frameworks or preferred practices of any particular investor or other third party or reflect market trends. Any ESG, sustainability, climate or impact goals, commitments, incentives and initiatives outlined in this report are, unless explicitly stated otherwise in this report, purely voluntary, are not binding on our business and/or management and do not constitute a guarantee, promise or commitment regarding actual or potential positive impacts or outcomes. Investors should read this report in conjunction with our reports we file with the SEC and our financial statements. Statistics and metrics relating to sustainability matters are estimates and may be based on assumptions or developing standards.