



2025 Sustainability Report

Fiscal Year 2025

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ABOUT THIS REPORT

Shoals Technologies Group, Inc. (Shoals, we, or the Company) presents its fifth 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, 2025, to December 31, 2025.

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LETTER FROM THE CEO

On behalf of Shoals Technologies Group, Inc., I am pleased to share our 2025 Sustainability Report, which highlights the continued progress that we have made on the sustainability initiatives that are designed to drive long-term value creation for our stakeholders.

With a rapid increase in energy demand due to growth in AI adoption and the buildout of data centers, as well as energy supply shocks due to global instability, solar and BESS are the lowest-cost and fastest to deploy systems positioned to meet demand in this volatile market. In fact, in 2025, solar and BESS were responsible for 81%¹ of new load growth in the U.S. As the industry leader in EBOS solutions, we're proud to have our products deployed in over 93 gigawatts (GW) of solar generation capacity under contract, in construction, or in operation.

This year marks several historic milestones for Shoals. 2026 represents the 30th anniversary of Shoals' founding in 1996, and we are proud of the Company's impact on the solar power industry, as well as our part in advancing electricity infrastructure development to meet rising power demand in the United States. We also celebrated our 5th anniversary as a public company, following our IPO in 2021. Most importantly, we transitioned manufacturing operations to our new 638,000 square foot Mega manufacturing facility in Portland, Tennessee, bringing manufacturing processes and operations from three separate Portland facilities under one roof. This transition has already led to improved efficiency, labor productivity, and cost savings, and will enable us to reduce our manufacturing operations' environmental footprint in the future.

Amid a changing operational and business landscape, we remain steadfastly committed to our 2027 sustainability goals, and we made significant progress towards achieving our targets. In our new Mega facility, we are taking concrete steps to achieve ISO 9001 and 14001 certifications, and we have

integrated a number of sustainability-oriented features into the construction of the facility to provide a better working environment for our team – which we expect to improve safety outcomes and resource use efficiency. We also continued to invest in enabling our people to thrive, inaugurating a new English as a Second Language (ESL) program to support many of our team members in expanding their English proficiency in the pursuit of greater opportunities and responsibilities, both at Shoals and in the communities where we work and live.

This year, we opted to publish a more concise report on our sustainability updates. Our team has progressed toward achieving our sustainability goals and developing innovative electricity infrastructure solutions for the energy transition market. Next year, we look forward to publishing additional information on our achievements and sustainability-related progress from 2026 and how Shoals' efforts continue to provide the foundation for our long-term value creation strategies. Of course, I would be remiss if I did not mention the importance of the ongoing confidence our customers have in Shoals and our solutions, the commitment and dedication of our employees in enabling Shoals to achieve our goals, and the partnership of our shareholders in our value creation journey – thank you.

Sincerely,



Brandon Moss
Chief Executive Officer



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ABOUT US

Shoals Technologies Group, Inc. (Shoals) is a global leader in the manufacturing of advanced electrical infrastructure solutions for mission-critical applications across utility-scale solar, battery storage, and data center power systems – infrastructure that is key to supplying the growing global demand for energy and electrification. Shoals is proud to be the largest EBOS supplier worldwide, with over 93 GW under contract, in construction, and operating, as of the end of 2025.

Since Shoals was founded in 1996, we've introduced innovative technologies and systems solutions that allow our customers to substantially increase installation efficiency and safety while improving system performance and reliability at scale. Further, we are proud to support U.S. energy infrastructure and manufacturing. With the 2025 launch of our new, state-of-the-art manufacturing facility in Portland, Tennessee, we are actively promoting American energy security and local job creation. To read more about our evolution and the impact of our products and solutions, please refer to our [website](#).



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



Agility

We are quick and flexible at our core



Integrity

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



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

Shoals at a Glance



30 YEARS shoals
INVENTING SIMPLE®

30th anniversary of Shoals' founding

>19%

Year-over-year increase in revenue in FY25

75

Total patents issued

14 of Top 15

Engineering, procurement, and construction partners²

1,480

Workers as of December 31, 2025

638,000 Sq Ft

Mega manufacturing facility opened in Tennessee in 2025



93+ GW

Global solar generation capacity deployed with Shoals solutions as of the end of 2025

FROM THE CEO

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Shoals' Products and Solutions Overview

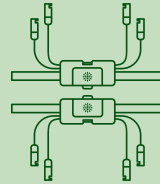
Shoals' products serve a wide array of mission-critical applications across solar, battery energy storage systems (BESS), and data center power markets, while also supporting original equipment manufacturers (OEMs).

In the solar industry, our Big Lead Assembly (BLA) and other EBOS solutions serve as a central nervous system, transferring electric current produced by solar panels or stored by a BESS solution to an inverter, ultimately allowing for its transmission to the power grid. We work alongside our customers to design and engineer EBOS system solutions to be specifically tailored to their projects, provide technical support during installation, and support the transition to operations and maintenance. The result is a customized system that is designed to maximize reliability and energy production, while reducing cost and complexity and accelerating installation.

Our products, bolstered by our DC power and BESS expertise, support a growing need to serve increased power consumption driven by AI adoption and the data center buildout, both in the U.S. and abroad.

Shoals' product portfolio includes the following solutions and supports the following end markets.

For more information on Shoals' product offerings, please visit our [website](#).



Solar System Solutions

Shoals designs customized EBOS solutions to efficiently collect and transmit power generated by solar panels to the electric 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.



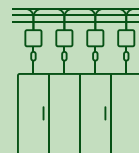
Solar OEM Components

Shoals collaborates with solar panel OEMs to manufacture critical components of solar systems that protect electrical infrastructure and transmission systems from environmental and weather-related damage.



Energy Storage

Shoals delivers customized and semi-customized products to interconnect BESS. These solutions seamlessly integrate with utility-scale solar installations and the electric grid to support flexible, scalable, and cost effective energy storage deployments.



Data Center Solutions

Shoals is actively developing plug-and-play electrical and wiring solutions that streamline renewable energy integration into data centers and other building infrastructure. As data center power demand grows, developing infrastructure to connect renewable power generation is becoming increasingly important.

SUSTAINABILITY STRATEGY

We believe that integrating sustainability into Shoals' business model and strategy enhances our ability to manage enterprise risk, identify and capture growth opportunities, and drive long-term value creation.

Our sustainability program supports operational resilience, sharpens our visibility into evolving customer and end-market expectations, and strengthens engagement with key stakeholders, including customers, suppliers, and investors. Our approach continues to be informed by our 2023 materiality assessment, which identified the sustainability topics most critical to our business and stakeholders, and serves as the foundation for Shoals' sustainability priorities and ongoing disclosures.

Shoals' sustainability priorities have also informed our long-term sustainability goals, which we published in last year's sustainability report.

Our goals focus on improving our operational efficiency, mitigating the environmental impact of our operations, and protecting the health and safety of our workforce. Given that changing market dynamics and operating considerations may impact our progress towards these goals, we remain flexible in our approach to continue creating impactful outcomes for our business, our stakeholders, and the environment.

This year, we are proud to report on our first year of progress against these long-term goals, in which we have seen meaningful advancements towards our priorities.



Sustainability Goal

2025 Goal Progress



Certification

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

Formal roadmap established to obtain certification by early 2027

Shoals developed a formal roadmap to achieve ISO certifications at our Mega facility – defining concrete next steps to facilitate aligning our manufacturing operations to well-recognized best practices. Specifically, Shoals has accelerated the target timeline to achieve ISO 9001 certification at the Mega facility, aiming to obtain the certification by early 2027.



Waste reduction

Set and achieve a landfill waste reduction goal.

On-track to set our goal by the end of 2027

With the move to the Mega facility, Shoals has taken important steps to strengthen waste measurement and reporting capabilities. New tracking processes and operational controls will help provide a reliable baseline for evaluating landfill waste and identifying reduction opportunities. Following the transition, Shoals intends to establish a formal benchmark and set measurable waste reduction targets by the end of 2027.



Lower than average TRIR

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

Investing in safety improvements to achieve our TRIR goal

In 2025, Shoals achieved a TRIR of 1.55, representing a slight increase over the prior year. While our TRIR was slightly higher than the industry average, we are confident that the Mega facility will drive continued improvements in operational efficiency and safety outcomes, and have already realized progress in key safety metrics. We believe we are on pace to achieve our goal of TRIR 20% lower than the industry average moving forward, and we look forward to providing an update in the coming years.



Renewable energy use

Create an actionable plan to power a meaningful portion of Shoals' operations with renewable energy, targeting execution by 2027.

Planning and analysis are ongoing

Over the past year, Shoals focused on building the foundational data to support informed renewable energy decisions, analyzed energy usage across its facilities, and researched a range of procurement and generation alternatives. The opening and ramp-up of the Mega facility has also been a major operational priority, requiring reassessing energy demand assumptions and aligning renewable energy planning with our evolving manufacturing footprint. As the facility matures, Shoals expects to further develop and refine its renewable energy strategy in 2027.

Sustainability Highlights

Caring for our workers



Opened our new Mega manufacturing plant in Portland, Tennessee, which includes built-in safety and employee well-being benefits such as improved, efficient production lines, ergonomic enhancements, and expanded breakroom and employee support spaces

Empowering growth through learning



Guided 54 graduates through our newly launched ESL program, enabling our people to continue to grow with Shoals

Aligning our practices with recognized frameworks



Kicked off a formal process to achieve ISO 9001 certifications by early 2027, following an established roadmap

Refining supply chain management



Inaugurated supply chain governance improvements, including the completion of 21 supplier audits and integration into our supplier onboarding process



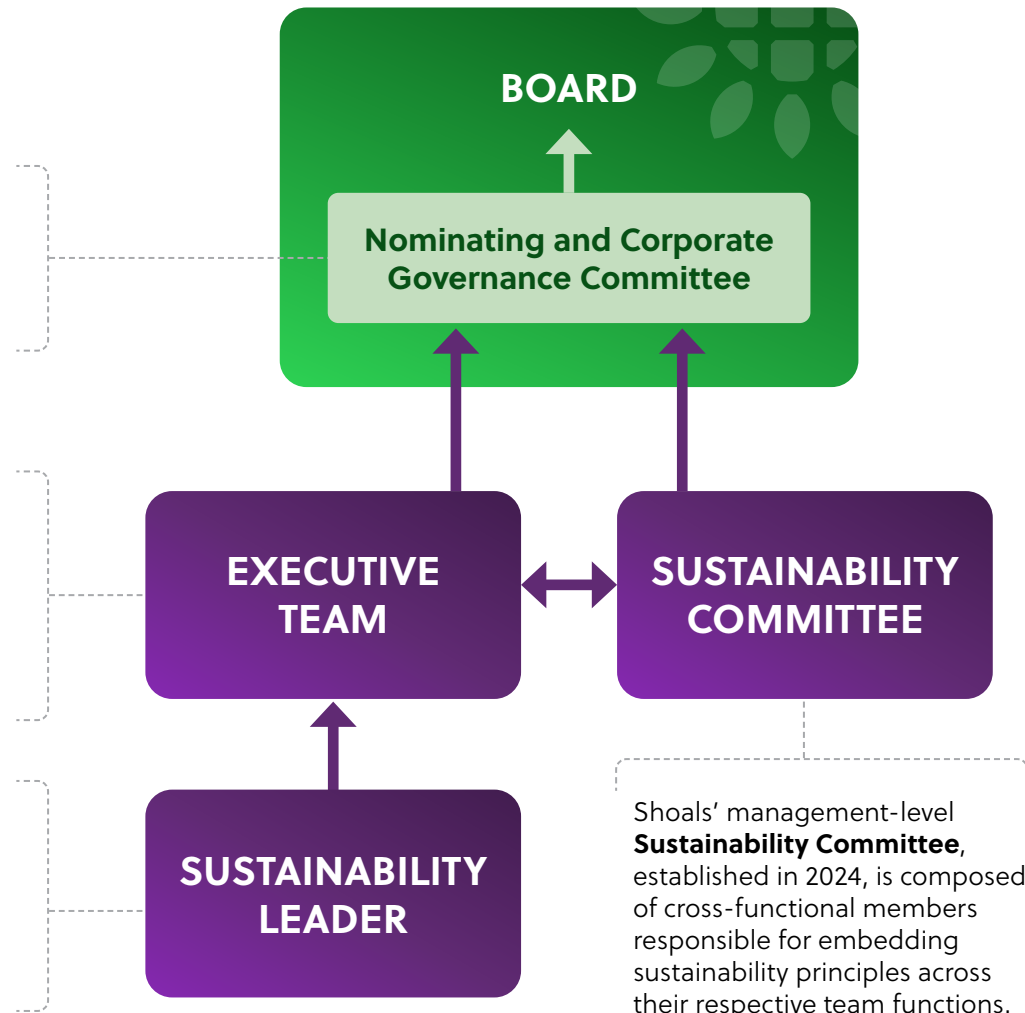
Sustainability Governance

The success of our sustainability program ultimately depends on the collective efforts of all Shoals personnel – from our Board of Directors to engineers and manufacturing teams.

Our Board's **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.

Our **Executive Team** develops and oversees the implementation of our sustainability strategy, promoting the inclusion of sustainability factors in day-to-day and long-term decision-making. Our Executive Team updates the Nominating and Corporate Governance Committee quarterly on our overall sustainability strategy and performance.

Our **Sustainability Leader** is responsible for leading the development and implementation of our sustainability strategy, programs, and initiatives. They oversee the management of climate-related risks and opportunities, alongside internal team members and external advisors.



ENVIRONMENTAL MANAGEMENT

Given our position as a key supplier to energy and data center projects, we aim to reduce the environmental impact of our resource use and operations where practical. More broadly, our industry-leading solutions help our customers mitigate the environmental impacts of installation and maintenance, reduce the generation of waste materials, and improve project longevity.



Our products are designed to provide a simple, scalable path to resilient backup power that protects uptime and helps data centers more seamlessly integrate with existing grid infrastructure.



Sustainable Product Design in Action

In early 2026, Shoals announced a partnership with ON.energy, a developer of custom grid-safe power architecture, to deploy multiple gigawatts of critical power systems into the AI data center market. The agreement brings together two innovative, U.S.-based companies with complementary strengths in power architecture and execution to meet rising power and electricity demand in the data center market.

The partnership will pair ON.energy's medium-voltage AI UPS™ platform with Shoals' DC Recombiner to deliver a simple, scalable path to resilient backup power that protects uptime and helps data centers more seamlessly integrate with existing grid infrastructure. Shoals complements ON.energy's deep experience designing resilient, high-performance power systems enabling reliable and scalable power infrastructure with decades of engineering expertise in electrical systems, applying advanced simulations and rigorous modeling to reduce technical and financial risk. Consistent with the rest of Shoals' product portfolio, the DC Recombiner is designed for resilience, a long-term useful life, and includes built-in safety features such as fuses and surge protection that help ensure safe operation as power moves through the system.

By integrating Shoals' prefabricated, durability-focused designs with ON.energy's cutting-edge UPS and storage technologies, we are working to deliver a differentiated solution that meets today's urgent infrastructure demands with a future-proof, durable product, reducing product maintenance needs and thus subsequent raw material consumption – consistent with our track record of building and deploying innovative, sustainable products.



Operational Excellence and Resilience

Shoals is working to scale operations sustainably through strategic investments in people, technology, and operational excellence. In addition to our existing Plan for Every Part (PFEP) process and adoption of the 5S organizational methodology, our efforts to improve operational efficiency have focused on Shoals' 2025 transition to a new manufacturing and distribution facility in Portland, Tennessee. The consolidation of three separate facilities into one integrated location significantly reduces Shoals' operational footprint and environmental impact while delivering improved efficiency and enhanced safety across manufacturing and distribution activities.

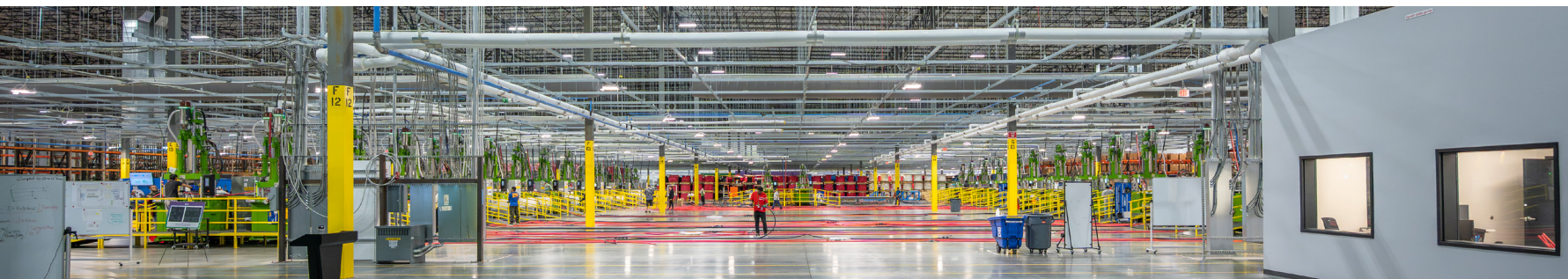
For example, Shoals made the switch from a "taxi cab" distribution model to the more efficient "bus route" model for material delivery in our manufacturing operations. This transition will require fewer of our employees to focus on transporting materials internally, and serves to improve the efficiency of the manufacturing process for many Shoals products – which can reduce energy use and material consumption required for manufacturing. We continue to actively monitor and track labor productivity improvements, operational, energy, and material efficiency gains, as well as cost savings from the switch to our consolidated manufacturing facility. We look forward to providing further updates next year.

"Our new Mega manufacturing facility represents a step change in how we operate. By consolidating production into a single, state-of-the-art campus, we are driving greater efficiency, consistency, and scalability across our operations.

This transition is also strengthening safety – moving more work into a controlled manufacturing environment and introducing advanced equipment that reduces risk for our teams.

With increased capacity, improved quality control, and more predictable delivery timelines, Mega enables Shoals to better serve our customers while supporting a more resilient domestic energy supply chain."

Kirsten Moen,
Chief Operating Officer



Environmental Policy

Shoals' [Environmental Policy](#) mandates compliance with environmental laws, encourages the minimization of negative operational environmental impacts, and promotes responsible consumption of natural resources. The Environmental, Health, and Safety (EHS) team oversees adherence to environmental policies and regulations across all facilities.



Greenhouse Gas Emissions Performance

Shoals calculates its carbon footprint following the GHG Protocol Corporate Standard, covering all Scope 1 and 2 emissions and relevant Scope 3 sources. Going forward, we will continue to pursue opportunities to provide more precise data within our value chain as we refine our inventory.

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2025 Emissions and Energy Consumption Data

Scope 1 and Scope 2 Emissions (MT CO ₂ e) ³	2023	2024	2025
Scope 1	766	949	2,876
Scope 2 (Location-based)	2,356	2,788	3,639
Total Scope 1 and 2 (MT CO ₂ e)	3,122	3,737	6,515

Scope 3 Emissions (MT CO ₂ e) ⁴	2023	2024	2025
Category 1 – Purchased Goods and Services ⁵	10,505	5,495	6,443
Category 2 – Capital Goods	1,168	961	4,547
Category 4 – Upstream T&D	8,875	10,065	7,061
Category 5 – Waste	153	158	340
Category 6 – Business Travel	690	892	993
Category 7 – Commuting ⁶	94	3,670	3,476
Category 9 – Dist. And Transportation	3,095	2,756	3,138
Total Scope 3 (MT CO ₂ e)	24,580	23,997	25,998

Intensity	2023	2024	2025
Scope 1 and 2 Intensity (MT CO ₂ e/\$M)	6.4	9.4	13.7
Scope 3 Intensity (MT CO ₂ e/\$M)	50.3	59.4	54.7
Energy Intensity (MWh/\$M)	17.5	27.0	48.6

Energy Consumption	2023	2024	2025
Electricity (MWh)	5,599	6,834	8,906
Natural Gas (MWh) ⁷	2,943	3,927	14,186
Total Energy Consumption (MWh) ⁸	8,542	10,761	23,092

In 2025, Shoals' Scope 1 and Scope 2 emissions increased compared to prior years, primarily driven by the transition to the new Mega facility. For example, gas heating costs were elevated, likely because we heated our new facility before it was fully built-out and operational. We are closely monitoring our heating use in 2026 to determine if our usage will decrease when the plant is fully operational. In addition, there were necessary operational redundancies in 2025 as we continued to operate our former manufacturing facilities while we completed the transition to the Mega facility, contributing to elevated emissions for the year.

As we finalize the transition to the Mega facility in 2026, we may see emissions remain slightly elevated, though we anticipate decreases in emissions intensity as we begin to realize efficiencies driven by the Mega facility's consolidated operations.

Similarly, we saw a year-over-year increase in our Scope 3 emissions in 2025, specifically related to our Category 2 – Capital Goods, again largely related to needs associated with the buildout of the Mega facility. We expect this to normalize again in 2026.

Waste and Water Management

Shoals prioritizes recycling and resource conservation through several comprehensive waste and water management initiatives. The Company has established a partnership to convert excess wood spools into mulch, while regrinding and reusing plastic scraps from manufacturing processes and sustainably recovering materials from lithium-ion batteries and waste fluid. Together, these initiatives serve to meaningfully reduce the Company's waste disposal to landfill.

While we do not operate in highly water-stressed regions, we believe in the importance of minimizing our water use where possible. Water conservation efforts include maintaining a closed-loop water system for cooling injection molding machines and utilizing higher-grade coolant for CNC machines to increase manufacturing efficiency. For example, following an external chemical efficiency review in 2024, Shoals eliminated water changeouts entirely, which we expect will improve our operational efficiency and reduce relative water use.

Waste, Water, and Recycling	2024	2025
Metric tons of wood spools recycled	342	898
Metric tons of landfill waste for the year	438	493
Metric tons of cardboard recycled	122 ⁹	178
Metric tons of scrap metal (copper, steel, aluminum, and other metals) ¹⁰	594	397
Water use (m ³)	19,696	24,686

Climate Risks and Opportunities

In 2024, Shoals completed its first comprehensive qualitative climate risk assessment, surfacing the material climate risks and opportunities that our business faces. As part of this process, we sought alignment of our disclosures with TCFD recommendations for the first time. Specific findings on the climate risks and opportunities identified as material to Shoals are provided below. For further details, refer to our [2024 Sustainability Report](#).



KEY CLIMATE RISK:
Geographic Concentration and High-Impact Events

Heightened vulnerability due to geographic concentration; natural disasters could significantly disrupt operations.



KEY CLIMATE RISK:
Weather-Related Operational Disruptions

Extreme weather events (tornadoes, hurricanes, wildfires, severe winds, extreme heat, hail, storms) pose threats including physical damage, operational downtime, increased repair costs, supply chain disruptions, and workforce safety risks.



KEY CLIMATE OPPORTUNITY:
Low Carbon Energy Solutions

Shoals' products facilitate the transition toward electrification and low-carbon energy systems, helping lower carbon emissions and improve American energy security.

SOCIAL

Shoals' commitment to social responsibility is embedded in our operations and corporate practices, with a focus on achieving positive safety, quality, and sustainability outcomes across our value chain. To promote a safe, healthy, and engaging work environment, we continue to invest in our people and the communities where we operate.



Environment, Health, and Safety

In 2025, Shoals' Total Recordable Incident Rate (TRIR) was 1.55, representing a slight increase relative to our performance last year, while a significant decrease in our industry benchmark further contributed to a temporary miss on our three-year safety goal. We remain committed to being an industry leader in employee health and safety, and we expect to achieve our TRIR goal in the coming years as the transition to the Mega facility drives operational efficiency and health and safety improvements.

Protecting the health and safety of our workforce is of paramount importance, and as such our leadership team plays an active role in overseeing Shoals' health and safety strategy and receives monthly updates on key achievements, data trends, and potential emerging risks. Day-to-day, our 10-person EHS team is led by one EHS manager, who reports to our VP of Strategic Manufacturing.

In line with our commitment to responsible business practices, Shoals prioritizes health and safety among our employees and in our operations. We adhere to best practices by aligning our EHS programs to ISO 14001 and ISO 45001 standards to facilitate an integrated approach to managing environmental, health, and safety issues. In 2025, we made meaningful progress on our goal of obtaining ISO 9001 and 14001 certification by the end of 2027. We have accelerated our target timeline for achieving ISO 9001 certification at the Mega manufacturing facility up to the beginning of 2027 and have defined a formal roadmap and associated next steps necessary for achieving ISO 14001 certifications as well.

Safety Incident Rates ¹¹	2023	2024	2025
Days Away, Restricted, and Transfer (DART) Rate	0.87	0.77	0.64
Industry Benchmark ¹²	0.9	0.9	0.8
Lost Time Incident Rate (LTIR)	0.26	0.26	0.37
Industry Benchmark	0.4	0.4	0.3
Total Recordable Incident Rate (TRIR)	1.31	1.45	1.55
Industry Benchmark	1.7	1.7	1.2



Operational Safety Improvements

Given the operational transformation driven by the launch of our centralized Mega facility in Tennessee, we redesigned our manufacturing process to improve efficiency, as well as health and safety outcomes. Ahead of the opening of the new facility in late 2025, Shoals used AI technology to conduct an ergonomic study of the more than 130 processes in our daily manufacturing operations. The results of the study informed the manufacturing model implemented at the Mega facility, which is aimed at driving a reduction in health and safety risks for our manufacturing teams. The early results are promising with zero OSHA recordables in the first quarter of 2026 compared to four recordables in Q1 2025.

Safety Culture and Training

We believe that clear, consistent, and frequent safety communication is key to a strong safety culture. As such, safety communication is integrated at all organizational levels through our daily “What’s Important Now” (WIN) meetings, monthly town halls, and quarterly Board meetings. In addition, Shoals maintains a robust EHS manual, which serves as the “source of truth” for critical safety best practices and Shoals-specific information and guidance. The EHS manual is a key component of the onboarding process for all new employees, and especially employees joining manufacturing or operations teams that may face elevated health and safety risks in their daily job responsibilities.

People and Culture

Our operating model is designed to elevate organizational capability through continuous learning and cross-functional collaboration. By strengthening connections across departments, we drive both operational performance and cultural cohesion.

Shoals maintains competitive compensation and benefits offerings for employees of all levels, supported by comprehensive market analysis to maintain the competitiveness of our offerings. In 2025, we expanded our benefits by introducing a company-sponsored fitness plan, broadening access to fertility benefits, and waiving tenure requirements for eligibility in our 401(k) program.

Women in Manufacturing Highlight



We continue to proudly participate in the Women in Manufacturing (WiM) program, maintaining an internal WiM program with nearly 200 members. The WiM program offers resources for talent development, career progression, and workplace best practices to members. Annually, we select participants from Shoals' own WiM initiative to attend the WiM Summit, with six individuals attending the 2025 Summit.

Local Community Engagement

Shoals remains committed to supporting the local communities that are home to our operations. In 2025, as part of our Shoals Serves initiative, we made over \$100,000 in contributions to 501(c)(3) non-profit organizations, most of which was donated to local community organizations. Our charitable giving efforts are led by a cross-functional committee of employee volunteers serving on the Shoals Serves Committee. The Committee leads the development of our community impact strategy, including the planning and execution of community involvement events and charitable giving initiatives.

"Attending the Women in Manufacturing Summit was an incredibly empowering experience. Seeing so many talented women leading the way in manufacturing reinforces how Shoals' commitment to diversity drives the innovation we need for a brighter tomorrow."

Allison King, Manager, Legal Operations



Talent Development Strategy and Programs

To support the development and career progression of our employees, Shoals maintains several educational initiatives and related programs that enable employees to hone critical skills. We believe it is crucial to invest in employee development, in part to develop a robust pipeline of talent for leadership and management positions.



Career Progression Plans

In 2025, we implemented career progression plans for our hourly workforce, providing a clear pathway to achieving their professional goals. The progression plans are tailored to each employee's role at Shoals, designed to provide a structured roadmap to promotions and increased job responsibilities.

For salaried employees, we took steps to enhance our performance management program, encouraging our leadership teams to have more frequent conversations with their direct reports around performance, goals, and career progression.

Co-Op and Apprenticeship Programs

In order to further develop our workforce, 2025 marked the first full year of Shoals' co-op program, designed to recruit recent local high school graduates to begin their career at Shoals. Participants in the two-year co-op program receive training and hands-on experience to develop their technical skills, as well as tailored coaching from a dedicated Shoals mentor. Once participants graduate from their co-op, they are eligible for our apprenticeship program, designed to further enhance the complex technical and mechanical skills which are crucial to the growth of our workforce. Apprenticeship participants are also eligible to receive sponsorships to return to school and obtain degrees in PLC programming, which supports Shoals' automated workstations.

2025 People by the Numbers

1,480

Total Workers

197

Salaried Workers

1,283

Hourly and Temporary Workers



SPOTLIGHT: ESL Education Program

Last year, we launched an English as a Second Language (ESL) education program for employees whose native language is not English. Through this program, ESL educators from local universities come on-site to Shoals' facilities to teach ESL courses, building the language skills of our workforce. In the first year of the program, the cohort grew from 15 to 54 participants throughout the year, demonstrating the success of the program in improving communication among our workforce. Feedback from participants indicates that the ESL education program fosters an

The ESL education program fosters an improved culture of inclusion and a higher sense of belonging, while providing an essential skill to succeed in one's job role.

improved culture of inclusion and a higher sense of belonging, while providing an essential skill to succeed in one's job role.

In 2026, we are expanding our language programming to include a "Spanish for Workforce" course, intended to teach native English speakers Spanish, so they can better communicate with colleagues from diverse backgrounds. The course will prioritize supervisors, helping ensure they can effectively communicate on work-related topics in Spanish.



PRODUCT AND SUPPLY CHAIN MANAGEMENT

Our Approach to Supply Chain Management

A resilient supply chain is critical to fulfill our role in supporting increased demand for energy. As such, Shoals continues to invest in building a strong supply chain that is resilient to geopolitical and market volatility. Our supply chain management efforts are focused on facilitating suppliers' adherence to Shoals' quality standards, requiring all suppliers to uphold our [Supplier Code of Conduct](#), and confirming our suppliers' compliance with the laws, rules, regulations, and standards in the countries in which they operate.

In 2025, we implemented a supplier audit program, establishing a formal process to help ensure suppliers are in compliance with our [Supplier Code of Conduct](#) and additional sustainability-related expectations. Throughout the year, 21 suppliers completed the process by undergoing self-audits or on-site audits conducted by Shoals personnel. We have also launched a supplier quality manual that highlights our expectations of suppliers from a quality, continuity, resilience, and sustainability standpoint.



Product Quality and Safety

The high quality of our products remains a point of pride for the Company and a top priority in product development and manufacturing. In 2025, we took several steps to improve our internal quality management systems to help ensure products supplied to customers meet our quality standards. While our quality management systems remain aligned to the ISO 9000 standard, we aim to achieve the more rigorous ISO 9001 certification by early 2027, ahead of our previously established goal. This year, we rolled out a formal one-year roadmap to achieving the certification while also investing in our product quality and safety teams, hiring a dedicated Quality Management System lead and a Supplier Quality Manager.

Product safety remains one of Shoals' foremost commitments. Given the mission-critical nature of EBOS products in our industry, they carry significant consequences when failures occur, including lost revenue, equipment damage, fire hazards, and potential injuries or fatalities. Our R&D team is dedicated to developing innovative solutions that advance both reliability and safety, while our quality assurance team ensures every product meets our rigorous standards.



For more information on Shoals' approach to supply chain management and product quality and safety, please review our [2024 Sustainability Report](#).

GOVERNANCE

Corporate Governance

Effective corporate governance is crucial to our sustainability strategy and achievement of our business goals. We strive to incorporate best practices to serve our shareholders' interests and ensure effective oversight by our Board of Directors. The Board maintains three standing committees – Audit, Compensation, and Nominating and Corporate Governance – each of which is composed of only independent directors. Annually, we conduct a comprehensive review of our Board committees, their effectiveness in overseeing the relevant areas of the Company and its operations, and the effectiveness of their charters in outlining their responsibilities. We believe this review process facilitates robust, consistent Board-level oversight.

For more detailed information on Shoals' corporate governance structure, policies, and practices, please refer to our [2026 Proxy Statement](#).

Business Ethics and Compliance

Our operations are grounded in policies and procedures designed to foster responsible conduct, and maintain the highest standards of ethics and integrity. Our [Code of Ethics](#) establishes the foundational principles that guide expected conduct and behavior throughout our organization. We reinforce these standards and expectations with employees on an annual basis and strengthen their understanding of ethics and compliance through ongoing education and training initiatives, requiring that all employees – including contractors – complete Code of Ethics training, as well as more targeted training as appropriate (e.g., anti-bribery training, preventing workplace violence and misconduct). Our legal team supports adherence to all applicable laws and regulations across our operations.

Enterprise Risk Management

Sound Enterprise Risk Management (ERM) is essential for the achievement of Shoals' long-term business goals, the successful implementation of our strategy, and increasing value creation for our shareholders.

Shoals' Board of Directors is responsible for overseeing the Company's ERM program, including identifying emerging risks and delegating and overseeing management of existing risks alongside our Executive Team. While our full Board is responsible for managing risk oversight, specific risks are assigned to Board committees when they are relevant to their respective areas of responsibility.





Data Privacy and Security

We safeguard the privacy and security of information shared with us by our employees, customers, suppliers, and business partners. This commitment is supported by a robust information security risk program built on the National Institute of Standards and Technology (NIST) Cybersecurity Framework, industry best practices, and applicable regulatory requirements.

Governance and Oversight

Our VP of IT oversees the data privacy and security program and maintains primary oversight over cybersecurity risk management. Day-to-day IT operations and the implementation of our data privacy and security programs are led by Shoals' Director of Cybersecurity and Infrastructure. The VP of IT also leads our cyber incident response team (IRT), which executes incident response procedures and conducts annual cybersecurity and data breach simulation exercises.

Policies and Protection Measures

Our comprehensive approach to data privacy and security is guided by three core policies – namely, our Information Security Policy, Cybersecurity Policy, and Privacy Policy. Shoals also maintains ongoing practices to prevent disruptions within our operations, including but not limited to service disruption monitoring, anti-malware and intrusion protection systems, penetration testing, and physical location tailgate prevention. We continue to invest in IT capabilities to enhance security, with automated systems to detect and respond to unusual activity.

For more detailed information on Shoals' approach to ethics and compliance, our ERM program, or our management of data security and privacy, please refer to our [2024 Sustainability Report](#).

APPENDIX

TCFD Index

This index provides links to our relevant sections in our Sustainability Report 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 DISCLOSURE RECOMMENDATIONS	SHOALS ALIGNMENT AND REFERENCE
GOVERNANCE Disclose the organization’s governance around climate-related risks and opportunities.	See Sustainability Governance sub-section.
STRATEGY 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.	See Climate Risks and Opportunities sub-section.
RISK MANAGEMENT Disclose how the organization identifies, assesses, and manages climate-related risks.	See Environmental Management section.
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	See Environmental Management section.

SASB Index (1/3)

This index includes Shoals' information relevant to the SASB industry standard for Solar Technology and Project Developers, which we believe is most relevant to our operations. Data and descriptions are as of December 31, 2025, unless otherwise noted.

SASB TOPIC	SASB ACCOUNTING METRIC	SHOALS ALIGNMENT AND REFERENCE
ENERGY MANAGEMENT IN MANUFACTURING	Total energy consumed	23,092 MWh
	Percentage grid electricity consumed	Data not being reported at this time.
	Percentage renewable energy consumed	
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. 24,686 cubic meters 2. Data not being reported 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 sub-section.
HAZARDOUS WASTE MANAGEMENT	Amount of hazardous waste generated; percentage recycled	Our manufacturing does not produce any waste that is qualified as hazardous.
	Number and aggregate quantity of reportable spills, quantity recovered	

SASB Index (2/3)

SASB TOPIC	SASB ACCOUNTING METRIC	SHOALS ALIGNMENT AND REFERENCE
ECOLOGICAL IMPACTS OF PROJECT 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.	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 reducing damage to soil, water, vegetation, and wildlife.
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.
MATERIALS 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 Product and 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 2025 activities. All references to a year throughout the report refer to Shoals' fiscal years, unless another period is specified. This report was published in September 2026.

Data Assurance

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

Forward-Looking Statements

The inclusion of information in this report and related website pages should not be construed as a characterization regarding the materiality or financial impact of that information. This report and related website pages contain 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, strategy 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; we are permitted to determine in our discretion that it is not feasible or practical to implement, continue or complete any such goals, commitments, incentives and initiatives. 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 that may be imprecise, and may be based on assumptions or developing standards.

Endnotes

1. Per the U.S. EIA's "Preliminary Monthly Electric Generator Inventory" report.
2. Per Wood Mackenzie's "Project Database – U.S. Utility Solar," which provides the underlying data.
3. 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, where activity data is not readily available.
4. Scope 3 emissions were calculated using a spend-based approach.
5. For Scope 3, Category 1, the 2024 and 2025 calculation methodology has been updated to exclude charitable contributions, indirect labor, and telephone reimbursements, which were previously included in emissions accounting.
6. For Scope 3, Category 7, the 2024 calculation methodology has been updated to apply the full CO₂e emission factor rather than only the CH₄ factor. This correction significantly increased reported emissions from 93 to 3,670 metric tons CO₂e.
7. Natural gas consumption was converted from cf to MWh utilizing NRG's energy conversion calculator.
8. 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 (e.g., diesel and propane). We will work to quantify these energy sources in future reporting.
9. Refers only to our Portland, TN facilities.
10. Due to a software transition at the waste vendor, complete data was only available for the first six months of the reporting year. The remaining six months were estimated using the initial period as a proxy.
11. Incident rates are calculated using OSHA-defined formulas.
12. 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 behind Shoals' fiscal year data.





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