



Sustainability Report

2020



Our vision

Improving our future

Our mission

To deliver competitive and sustainable renewable energy, to protect our environment and to improve quality of life through innovative integration of reliable technology

Our values

Predictable
Working together
Driving results
Changemakers

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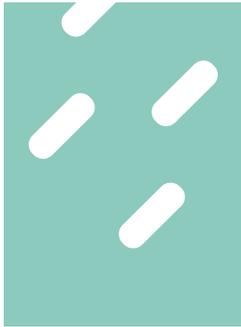
[GRI Index](#)

Reporting boundaries:

The system boundaries of this report for all GRI disclosures including GHG emissions are set to operational control, including our joint venture in Brazil.

A frontrunner in renewable energy

Scatec is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long-term player, Scatec develops, builds, owns and operates solar, wind and hydro power plants and storage solutions. In the first half of 2021, Scatec will have a total of 3.3 GW in operation on four continents and more than 500 employees. The company is targeting 15 GW capacity in operation or under construction by the end of 2025. Scatec is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SCATC'. To learn more, visit www.scatec.com, or connect with us on LinkedIn.



“In 2020 we set ambitious goals for our scope 1 and 2 emissions to reach net zero by 2050. A roadmap to achieve this target will be one of our key focus areas for 2021”.

Dear Stakeholders,

Our business was resilient to the 2020 crisis

I'm incredibly proud of our company's achievements over the most challenging year in recent history. The COVID-19 pandemic had limited impact on our operations and our ability to deliver clean energy to our customers. With our acquisition of SN Power, a major hydro-power player, we now have 3.3 GW in operation. And despite challenging circumstances, we grew our project pipeline from 5.2 GW to 9.8 GW.

In 2020, we stated our ambition to become a major global player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructures. We completed our first solar hybrid plants for two United Nations organisations in South Sudan. We started commercial operation of the 54 MW Boguslav project in Ukraine, the 47 MW Redsol project in Malaysia, and completed the 258 MW Uppington solar power complex in South Africa.

The scope of our operations has grown, and so has the range of environmental, social and governance (ESG) topics significant to us, and the complexity of our efforts. With this comes responsibility, and rightful demand for transparent and open reporting on our progress and results.

The renewable energy market is growing

The renewable energy market has shown a remarkable resilience to the global crisis. In contrast to all other fuels, renewable energy grew by almost 7%¹⁾ in 2020, according to the IEA. At the same time, ESG investments have skyrocketed, displaying an immense faith in the capability of green and sustainable technology to contribute to reducing the effects of climate change.

Our ESG performance is a competitive advantage in this growing market. Our business is essential to tackling

climate change and our ESG performance and reporting are strong. This attracts new projects and desirable business partners, reduces business risk, and provides a better chance of project success.

ESG capability and finance are increasingly connected

Investment in ESG-aligned companies increased dramatically over the year. A key milestone was the launch of the EU Taxonomy for Sustainable Activities. Although some of the details of the Taxonomy are still unclear, there is no doubt that strong ESG performance and transparent reporting will be essential to access new sources of funding in renewable energy. Our ESG capability puts us in a strong position to take advantage of this.

In 2020 we also refinanced one of our credit facilities at attractive terms, including a new USD 180 million ESG-linked facility, reflecting how sustainability and finance is becoming even more intertwined.

We work hard to manage ESG risks in our operations

Over the year, we collaborated more closely with our suppliers to better understand the ESG risks across our supply chain. We rolled out human rights training for all employees and provided tailored training for our most exposed staff. Although we made good progress, we do not underestimate the scale of the challenges we sometimes face in complex and high-risk markets. We continually work to improve our processes with a strong focus on cross functional collaborations and regular lessons learned.

With operations embedded in local communities, we are strongly committed to making a positive impact even during challenging times. We felt a keen sense of responsibility

1) Source: IEA, Renewables 2020, <https://www.iea.org/reports/renewables-2020>



during the pandemic to maintain a strong, local and safe presence in our communities. We launched relief efforts including sanitation and medical supplies as well as educational consultations across all eleven countries where we have operations. We believe we further strengthened our local relations in these communities during the year.

We had an exceptionally good year from an HSSE perspective with no serious injuries and improvements across all our key performance indicators. This strong result reflects our focus on safety and raising awareness of health and safety matters in all our projects.

We share the sense of urgency about climate change

We focus on the total footprint of our company's activities. In 2020, we set ambitious goals in line with the Science Based Target Initiative to reduce our scope 1 and 2 emissions by more than 50% by 2030 and to reach net zero by 2050. Total GHG emissions from our business activities in 2020 amounted to 7,359 tonnes including scope 1 and 2, and air travel in scope 3. We also expanded our reporting on scope 3 emissions with estimates for our largest sources of indirect emissions in our value chain.

We are proud that our solar plants avoided approximately 1.6 million tonnes of GHG emissions in 2020. And now that we have entered the hydro-power segment, we will work to update our climate strategy and targets to reflect this. The Carbon Disclosure Project recognised our efforts in 2020 by awarding us a place on its prestigious 'A' List for tackling climate change.

I am beyond proud of the Scatec team's achievements in an otherwise challenging year. Our vision is to improve our future, and I am confident that we have contributed significantly towards this in 2020. Being a sustainable business is a responsibility we take seriously. Our goal is to continue to grow responsibly and sustain our strong position in ESG. Despite all the uncertainties, I am truly optimistic about the future and look forward to going to work every day to improve it.

Raymond Carlsen,
CEO

A frontrunner in renewable energy




50
dedicated sustainability employees


1.9 GW
in operation & under construction


435
employees


10.5 GW
backlog & pipeline ¹⁾

Scatec is a developer & operator of renewable energy solutions
Founded in 2007, headquartered in Oslo
Present in 18 countries globally
Sustainability integrated in our business

1) Includes hydropower pipeline after closing of SN Power acquisition.

Key highlights 2020

CLIMATE ACTION

<p>Broadening renewable energy offerings</p>	<p>1.6 mill tonnes GHG emissions avoided</p>	<p>Net zero target by 2050</p>
<p>Acquisition of major hydropower player SN Power</p>	<p>From solar plants in operation year end 2020</p>	<p>More than 50% by 2030 Net zero by 2050 ¹⁾</p>

#1 FOR LOW RISK AND TOP ESG RATINGS

<p>ESG risk rating:</p>	<p>ESG Rating:</p>	<p>ESG rating:</p>
<p>Low risk</p>	<p>A- (excellent)</p>	<p>AAA</p>
<p>#1 of 450 – Utilities</p>	<p>Status: Prime</p>	<p>Top rating</p>
<p>#1 of 48 – Renewable power producers</p>	<p>Prime threshold: C+</p>	<p>Highest scoring range relative to global peers</p>

IMPROVING ESG PERFORMANCE

<p>Supplier engagement</p>	<p>TRIF: 1.1</p>	<p>67 community investment initiatives</p>	<p>71% completion human rights</p>
<p>on key ESG risks and climate reporting</p>	<p>LTIF: 0.6</p>	<p>ongoing in 2020</p>	<p>corporate training</p>

¹⁾ The climate target is in line with the 1.5°C scenario: Reduce scope 1 & 2 emissions by more than 50% by 2030 and reach net zero by 2050. Base year is 2019. Refer to page 29 of this report for more details.



Conducting business during the pandemic

- All plants in full operations and continued pursuing new business opportunities
- COVID-19 monitoring task force
- Strong local presence and committed to play an important role also in challenging times
- Relief efforts related to COVID-19 established through network channels and extended programmes
- Key initiatives for employee well-being including online exercise platform, social interactions and new learning initiatives



All plants in full operation in 2020



COVID 19 relief efforts across all 11 countries with operations



Employee well-being initiatives

Governance



Governance

Sustainability is an integral part of our organisation and is embedded in all business units including project development, solutions and execution, asset management and operations. The sustainability team in each country consists of both corporate support teams and specialists who report to the global headquarters and ultimately to the Executive Vice President of Sustainable Business, who is part of the Management team reporting directly to the Board of Directors.

Our sustainability team collaborates closely with other business units to review and address relevant sustainability matters on a regular basis. An important part of this work is to develop key performance indicators reviewed by Management and the Board of Directors annually. Specific sustainability topics including health, safety, security and environment (HSSE), corruption, procurement, environmental and social impacts and stakeholder engagement are reviewed by Management and the Board of Directors on a biweekly and a monthly basis. In 2020, Scatec established an ESG Committee to guide our work and

commitment towards ESG matters and ensure regular review of relevant ESG topics.

Scatec has developed a policy for each material ESG topic outlining the key principles and management approach governing the way we operate and address the issue. The management approach for material topics can be found in each chapter of this report. Further information on our corporate governance can be found in the Board of Director's corporate governance report and on our corporate website.

Compliance

Scatec is committed to operate in line with the Equator Principles and IFC's Environmental and Social Performance Standards to ensure consistent practices across all projects. Our work is also guided by the OECD Guidelines for Multinational Enterprises. We work with trusted partners such as the IFC, Norfund, KLP and several larger development banks who all have high standards for the projects and their associated impacts.



IFC Performance Standards

Standards that define IFC clients' responsibilities for managing their environmental and social risks.



The Equator Principles

Risk management framework adopted by financial institutions assessing and managing environmental and social risk in development projects



Guidelines for Multinationals

Recommendations from governments to multinational enterprises on responsible business conduct.

Sustainability reporting



Reporting frameworks

Scatec reports in accordance with the Global Reporting Initiative (GRI) Standards (Core option) and we regard our report to be our Communication on Progress (COP) to the United Nations Global Compact (UNGC), meeting the requirements of the UNGC Active Level. Furthermore, we report to the Carbon Disclosure Project (CDP) and in line with the Task Force on Climate-related Financial Disclosures (TCFD).

2020 key reporting results

ESG 100: Annual analysis of ESG reporting by the 100 largest companies on the Oslo Stock Exchange carried

out by the Governance Group. Scatec was rated with an 'A', placing the company in the top category among companies excelling at ESG reporting.

Carbon Disclosure Project (CDP): The leading global disclosure system for companies to manage their environmental impact. Scatec was awarded top score and a place on CDP's prestigious 'A' List for tackling climate change. We were also recognised with a place on CDP's 2020 Supplier Engagement Leaderboard, based on our engagement efforts with suppliers on climate matters.



THE
GOVERNANCE
GROUP

**ESG 100
ESG reporting:**

A

Among the top 100 largest companies listed on the Oslo Stock Exchange



**Climate reporting
and transparency:**

A-List

Top score

Carbon Disclosure Project



**Supplier Engagement
Leaderboard on Climate:**

A

Top score

Carbon Disclosure Project

External assurance

Being transparent and open is a key responsibility we have to our stakeholders. In 2020, we initiated an external verification process of selected GRI disclosures carried out by EY. Refer to our GRI Index and assurance statement on our website for a full overview of reporting indicators included in the verification.

Feedback and contact

Our ambition is to be a sustainable business with regards to our total impact on the societies where we operate. In line with this ambition, we will continue to listen, learn, adapt and improve our business operations. We appreciate feedback from our stakeholders on our sustainability reporting and always strive for continuous improvement.

For comments, questions or suggestions, please contact Julie Hamre, Senior Sustainability Manager: julie.hamre@scatec.com.

Sustainability priorities



Our overall company goal is to deliver competitive and sustainable renewable energy. Three main sustainability pillars contribute towards achieving this goal: managing environmental and social impact, being a trusted business partner and contributing to local value creation.

Our sustainability framework is designed to incorporate all material topics of importance to stakeholders and our company with key ambitions and targets. Each topic is defined by a policy, an evaluation of results in 2020 and a set of targets to be measured and to guide our work for 2021 and onwards.

A summary of key results from 2020 and targets for 2021 are summarised over the following pages and in each chapter.

Stakeholder engagement and material topics

Regular engagement with internal and external stakeholders to understand what types of topics and issues concern them, is key to determining our sustainability priorities.

Scatec's key stakeholder groups include co-investors and partners, financing partners, shareholders, employees, suppliers, contractors, governments and regulators, and NGOs.

Material topics are identified based on stakeholder expectations, significant impacts and internal strategic priorities. Stakeholder expectations are mapped through formal interviews, and in dialogue with our local stakeholders as part of our daily business on the ground.

We also receive stakeholder feedback at the corporate level through dialogues with investors, regulators and financiers. We assess identified topics for the significance of their environmental, social and economic impacts.

In 2020, Scatec's review of material ESG topics was also guided by the principle of double materiality, in alignment with the approach taken by the Sustainability Accounting Standards Board (SASB). This refers to financially material topics based on an industry-wide view. Refer to a complete overview of our material ESG topics in the illustration on the next page.

The EU Taxonomy:

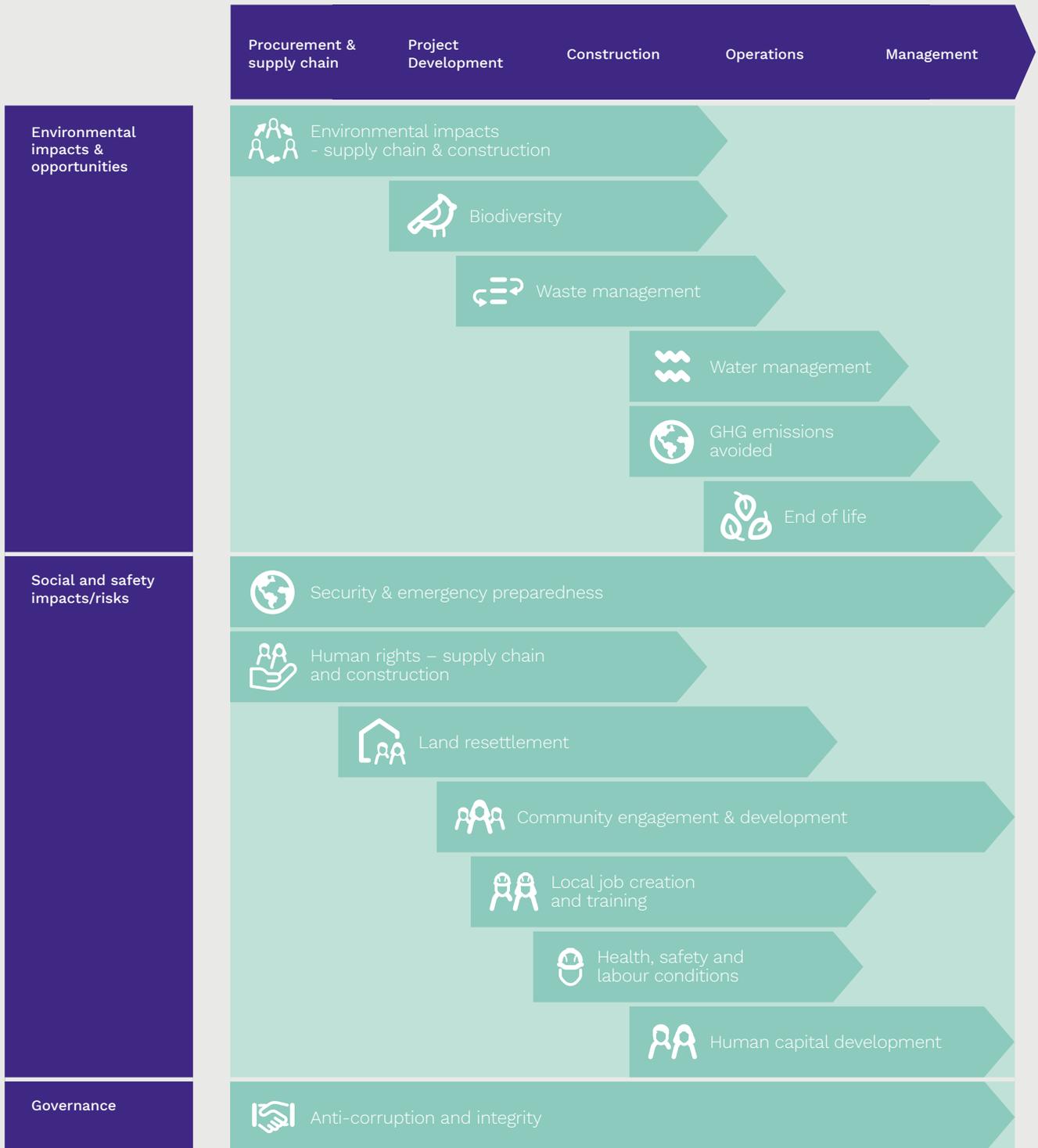
- A classification system with criteria for which economic activities can be considered environmentally sustainable
- Large companies will be required to disclose to what extent their turnover, investments and operational costs align with the Taxonomy

Our approach:

- We are closely monitoring the EU Taxonomy regulation and development
- We have undertaken an external verification by a third party on Scatec's alignment with the Taxonomy criteria – refer to final 2020 statement [here](#)
- We will also initiate an updated external verification of new technologies (i.e. hydro) when the relevant criteria are finalised

Material ESG topics in our value chain

The illustration below is based on internal and external stakeholder dialogue and shows the most material ESG topics along our value chain. All topics are placed according to where the most significant potential impact occurs. A definition of each topic area is available [here](#).



Key results 2020

MANAGING ENVIRONMENTAL AND SOCIAL IMPACT

TARGETS FOR 2020	KEY RESULTS 2020
<p>E&S compliance</p> <ul style="list-style-type: none"> ✓ Conduct Environmental and social baseline assessments for all projects ✓ Develop Environmental and Social Action Plans (ESAP) for all projects and follow up on required activities 	<p>100% Environmental and social baseline studies Developed for all relevant projects in 2020 in close dialogue with project and financing partners.</p>  <p>100% Environmental and Social Action Plans Developed for all relevant projects in 2020.</p> 
<p>Human Rights</p> <ul style="list-style-type: none"> ✓ Integrate our Corporate Human Rights policy in all levels of our organisation 🕒 Integrate human rights aspects into the standardised training for all Managers, Community Liaison Officers and security personnel globally 	<p>Human rights policy integrated in the organisation through corporate training mandatory to all employees.</p>  <p>71% completed human rights training as per the publication of this report.</p>  <p>Standardised training developed for security guards to be rolled out in Q2 2021. Key target for 2021 is to develop standardised training for Community Liaison Officers and other exposed groups.</p> 
<p>Climate Action</p> <ul style="list-style-type: none"> ✓ GHG emissions avoided by our solar plants to reach about 1.4 mill tonnes by end of 2020 ✓ Set emissions reduction target for our company in line with SBTi 	<p>1.6 mill tonnes GHG emissions avoided by end of 2020 from all our solar plants in operation.</p>  <p>Target set for scope 1 & 2 in line with the Science Based Target Initiative (SBTi) and in process of mapping scope 3 emissions.</p> <p>More than 50% by 2030 Net zero by 2050</p>

✓ Completed

🕒 In process

BEING A TRUSTED BUSINESS PARTNER

TARGETS FOR 2020	KEY RESULTS 2020	
<p>Anti-corruption</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Mandatory anti-corruption training for all employees, including new Code of Conduct module offered to new employees with a target completion rate of 100% <input checked="" type="checkbox"/> Establish compliance network for global and regional compliance officers 	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Code of conduct trainings organised with participation by all employees in 2020.</p> </div> <div style="text-align: center;"> <p>Compliance network established for Latin-America Compliance network for Eurasia will be a priority for 2021.</p> </div> </div>	
<p>HSSE</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Fatalities: 0 Serious injuries: 0 TRIF: ≤ 3,5 LTIF: ≤ 2.0 Sick leave ≤ 2% 	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>2020 statistics</p> <p>Fatalities: 0 Sick leave: 1.0% High potential incidents: 1.5</p> </div> <div style="width: 30%;"> <p>LTIF 0.6</p> <p>Lost Time Incident Frequency Per million hours worked</p> </div> <div style="width: 30%;"> <p>TRIF 1.1</p> <p>Total Recordable Injury Frequency Per million hours worked</p> </div> </div> <p style="margin-top: 20px;">All main contractors audited in 2020. Successful completion of DNV-GL ISO audit.</p> 	
<p>Responsible Supply Chain</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ensure all suppliers have policies or statements and measures in place to confirm that their products are free from conflict minerals <input checked="" type="checkbox"/> To plan and organise a Supplier Sustainability Initiative for key suppliers as part of our supplier development programme 	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 60%;"> <p>Conflict minerals policy under development in 2020 to be integrated into our Supplier Code of Conduct in 2021.</p> <p>Supplier Sustainability Initiative with two strategic suppliers organised in 2020 on climate-related matters</p> </div> <div style="width: 35%; text-align: center;">  <p>Environmental & social screening of new key suppliers in 2020</p>  </div> </div>	
<p>Our People</p> <ul style="list-style-type: none"> <input type="checkbox"/> Increase percentage of female employees globally by 10% <input checked="" type="checkbox"/> Performance Management: 100% participation by all employees in our annual Performance, Development and Appraisal (PDA) process <input checked="" type="checkbox"/> Systematically train and develop more than 50 leaders in our organisation through our annual leadership development program and regular management strategy sessions 	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 30%; text-align: center;">  <p>Female employees</p> </div> <div style="width: 60%;"> <p>Gender diversity: Increased the number of full-time female employees by 9% in 2020. The % of employees who are female remained similar to 2019.</p> <p>100% participation in our Performance Management process in 2020.</p> </div> <div style="width: 10%; text-align: center;">  </div> </div> <div style="margin-top: 20px; display: flex; justify-content: space-between; align-items: center;"> <div style="width: 20%; text-align: center;">  </div> <div style="width: 75%;"> <p>More than 50 leaders trained, 45% female as part of our m-power leadership programme over the last two years.</p> </div> </div>	

CONTRIBUTING TO LOCAL VALUE CREATION

TARGETS FOR 2020	KEY RESULTS 2020			
<p>Community engagement</p> <ul style="list-style-type: none">  Develop a stakeholder engagement plan for all projects in line with the IFC's Performance Standards  Initiate our community engagement efforts at least six months prior to expected construction start  Appoint a designated Community Liaison Officer (CLOs) in all projects  Respond and take action for all project grievances within 30 days of their registration 	<p>Stakeholder engagement plans in place for all projects under construction in 2020. Refer to our corporate website here for example of plans. </p> <p> Community engagement efforts initiated at least six months prior to expected construction start across all relevant projects in 2020.</p> <p>Community Liaison Officers appointed for all projects in 2020. In some regions one CLO covers a portfolio of projects.</p> <table border="1"> <tr> <td>2020 20</td> <td>2019 18</td> <td>2018 10</td> </tr> </table> <p>79 grievances registered in 2020, of which 82% were resolved during the year. 14 grievances are still in the process of being resolved at year end.</p>	2020 20	2019 18	2018 10
2020 20	2019 18	2018 10		
<p>Local job creation</p> <ul style="list-style-type: none">  Hire 70–80% local workers in every project during the construction phase 	<p> 3,775 jobs created from projects under construction – on average 60% local and unskilled workers.</p>			
<p>Local development</p> <ul style="list-style-type: none">  Dedicate a specific budget for development programmes for each project, aligned with local community needs  Established as a main program component. Three new projects initiated in 2020. 	<p>Dedicated budgets for local development programmes in all solar projects that started construction in 2020. </p> <p> During the pandemic, Scatec supported all local communities we operate in covering 11 countries with initiatives ranging from health, education, nutrition and financial support.</p> <p>Small-scale solar PV </p> <p>Brazil: Roof-top solar system for local kindergarten and health care centre completed</p> <p>Honduras: Solar powered water pump for local community completed</p> <p>South Africa: Community PV project in the planning phase, local needs assessment under development</p>			

 Completed

 In process

Key targets 2021



E

Climate target:**More than 50%** reduction in scope 1 & 2 emissions by 2030**Net zero** for scope 1 & 2 emissions by 2050**CO2 emissions reporting:****LCA** Lifecycle assessment of selected projects**Hydropower** CO2 emissions reporting**Lifecycle management:****Strategy** development for lifecycle management of equipment

S

HSSE:	TRIF	LTIF	Fatalities	Sick leave
	≤1.1	≤0.6	0	≤2%

Diversity:**10%** increase in the percentage of females globally**Local development:****70-80%** local workers employed in all projects during construction phaseDevelop 3-5 **key impact measures** for all local development programs

G

Anti-corruption:**100%** participation in anti-corruption training**Human rights:****100%** participation in human rights training for particularly exposed groups**Suppliers:****100%** environmental and social screening of new suppliersMinimum **2 workshops** with strategic suppliers on ESG matters

Managing environmental and social impact



Managing our environmental & social impact

Renewable energy projects may trigger environmental and social impacts. We endeavor to minimise our negative impacts, maximise local benefits and ensure constructive dialogue with project stakeholders.

Key risks:

- Land resettlement
- Water and waste management
- Labour and working conditions
- Biodiversity
- End of life management

Key opportunities:

- Low carbon transition
- Impact management
- Community development
- End of life strategy



[Corporate policies](#)

Our project activities are conducted in accordance with local laws, corporate Company policies and requirements defined by international standards including the IFC's Performance Standards and the Equator Principles.

Our Compliance model



Legal compliance

All our project activities are conducted in accordance with local laws.



International standards and norms

Relevant areas: land acquisition and involuntary resettlement, human rights, biodiversity conservation, labour and working conditions, pollution prevention, community health and safety, indigenous people, and cultural heritage.



Supplier code of conduct

Our suppliers, contractors and local partners are expected to sign our Code of Conduct governing the way we work.



Scatec governing documents and policies

Scatec's policies, procedures and frameworks are captured in our internal operating system and guide our business activities. Our policies are publicly available on our corporate website.

Environmental and Social Management System

We follow standardised processes in all our projects to identify, mitigate and monitor our potential risks and impacts. This work forms part of our corporate Environmental and Social Management System (ESMS).

1

ESIA

Environmental and Social Impact Assessments

Assessments of the potential environmental and social risk and impact of activities during the development, construction and operations phases of a project

We conduct environmental and social baseline studies/impact assessments (ESIAs) for all projects to identify potential environmental and social risks and impacts of our activities. In 2020, ESIAs were under development for projects in Pakistan, Vietnam, Brazil and Bangladesh.

Project classification according to the Equator Principles:

Category A: Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented

Category B: Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures

Category C: Projects with minimal or no adverse environmental and social risks and/or impacts

2

ESAP

Environmental and Social Action Plan

List of environmental and social actions/measures, with responsibilities and deadlines, to reduce the impact identified during the initial assessments

The next step is the establishment of Environmental and Social Action Plans (ESAPs) based on initial Environmental and Social assessments for all projects.

The ESAPs are often developed in close dialogue with project and financing partners and usually include the following items:

- Corrective actions/measures
- Purposes of actions
- Responsibilities
- Status / progress
- Timeline

All projects under construction in 2020 are Category B projects with potential limited adverse social or environmental impacts

3

M&R

Monitoring & Reporting

Regular monitoring and reporting internally in project teams and externally to project and financing partners

All our projects have regular Environmental and Social monitoring and reporting procedures in place as defined under the respective Environmental and Social management plans (ESMPs) under ESMS. Important monitoring measures include:

- Regular site inspections and registry of nonconformances
- Monthly project reports and monthly Board of Directors meetings
- Internal and third-party audits
- Regular environmental and social monitoring visits and status reports by lenders

Our achievements and results

We are committed to operating all our projects in line with the IFC's Performance Standards and the Equator Principles. An overall focus during 2020 was to strengthen our existing corporate Environmental and Social Management System (ESMS) and develop a manual for all relevant policies, procedures and tools for more efficient and systematic management of environmental and social risks. We registered two non-conformances during the year, for which corrective actions were carried out. We are content with the review of our ESMS in 2020 and a key focus for 2021 will be to further integrate new technologies into our ESMS including wind and hydro.

The next sections summarise our management approach and key results from 2020 for material topics including human rights, biodiversity, water and climate.

Human rights

Policy commitment to respect human rights

Scatec respects all internationally recognised human rights including the International Bill of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work.

Our human rights [policy](#) is aligned with the United Nations Guiding Principles on Business and Human Rights to prevent, address, and remedy human rights abuses committed in business operations. The policy confirms that Scatec's responsibility to respect human rights applies to our business enterprises wherever we operate and acknowledges that certain groups might require particular attention in relation to human rights risks (indigenous people, minorities, and vulnerable groups).

Although there were no specific cases related to human rights in 2020, we continue to focus on identifying any adverse impact, especially with regard to the risks outlined in the illustration below. Various measures and training programmes are being implemented to embed Scatec's commitment to human rights throughout the organisation.

Stakeholder engagement

A specific and separate risk assessment was conducted on human rights in 2020. Eleven topics related to human rights were categorised as either high, medium or low risk.



2020 High risk human rights topics

High risk:

- Land rights, displacement and loss of livelihoods
- Indigenous people, minorities and vulnerable groups
- Security forces
- Health, safety and environment including disposal of materials

Medium risk:

- Access to water
- Non-discrimination
- Forced and compulsory labour
- Freedom of association and collective bargaining

Low risk:

- Child labour
- Use of conflict minerals in the supply chain
- Environmental degradation

71%



of all employees completed corporate human rights training

65%



of all security personnel trained in human rights principles

Human rights training

At the end of 2020, Scatec launched an interactive corporate human rights training for all employees. As per the publication of this report, the training had a 71% completion rate and 393 employees, including short term workers and consultants, had completed the training. We will continue to focus our efforts on reaching a 100% completion rate over the next few months. The training provides background to human rights and focuses on business and human rights and the specific role human rights play within Scatec and its operations. The training was also given to employees through workshops at locations where we encounter language barriers.

We also collaborated with a third party to develop and standardise a human rights training programme for security personnel in 2020. The training is in line with the Voluntary Principles on Security and Human Rights. Roll out of the training programme is planned for the second quarter of 2021. Scatec is also working to standardise training for other exposed groups, primarily community workers (CLOs and social staff).

Grievance mechanism and whistleblowing channel

In line with the IFC Performance Standards, we pay special attention to the human rights risks of certain groups, such as indigenous people, minorities, women, children, migrant workers and other vulnerable groups. Scatec has both a whistleblowing channel and grievance mechanism in place in line with the IFC Performance Standards and UN Guiding Principles on Business and Human Rights.

2020 Corporate Human Rights Policy

In line with the Universal Declaration of Human Rights and the International Labour Organisation (ILO)

Human rights due diligence

We conduct human rights due diligence as part of our overall E&S due diligence process. Scatec's Code of Conduct sets out the essential requirements for ethical business conduct within our company, which applies to all employees, hired consultants and directors, including our subsidiaries, joint ventures and affiliates. In addition, we do not enter into any contractual relationship with a third party without appropriate integrity due diligence.

Although there were no specific cases relating to human rights in 2020, some of our pipeline projects are currently undertaking pre-studies and environmental and social baseline assessments, where resettlement is a potential impact.



“A structured approach to risk-based due diligence is crucial to project success”

- Roar Haugland, EVP Sustainable Business & HSSE

Environmental management: Water

Water is a scarce resource in many areas and therefore an important aspect of our environmental management.

Our main use of water relates to module cleaning in the operations phase of our projects. Various water sources are used in different locations including groundwater and potable water from municipal water networks. The amount of water needed depends on vegetation, module soiling, natural cleaning due to precipitation and cleaning methods utilised.

Water conservation awareness, minimising water use for dust suppression by maintaining road conditions and monthly monitoring to identify causes of abnormal volumes are

14%

reduction in water usage in Jordan in 2020



among the management considerations implemented at all plants. Efficiency is sought by avoiding unnecessary washing cycles and using effective washing methods like spraying.

We report on water extraction by source and volume for our projects located in water-stressed areas. Our projects in South Africa and Jordan are located in areas of medium or high-water risk as defined by the World Resources Institute's "Aqueduct Water Risk Atlas".

PROJECT CAPACITY	JORDAN			SOUTH AFRICA		
	ORYX 10MW	EJRE 22MW	GLAE 11MW	KALKBULT 75MW	LINDE 40MW	DREUNBERG 75MW
Litres	1,469,100	3,096,800	1,045,600	109,160	59,110	152,350
Source	Potable (municipal) water			Ground water		

Jordan: The large water use is primarily due to high soiling levels, and results from more frequent cleaning cycles compared to other locations. In 2019 we implemented the Ma'an module washing improvement initiative where existing spraying nozzles were replaced with more efficient ones. Our water-saving initiative combined with COVID-19 restrictions and favourable weather conditions, led to a 14% reduction in water usage, meeting our target for 2020.

We are content with the reduction in water usage and will continue to implement efforts in water stressed areas.

South Africa: Water-use licences for each facility are issued by the Department of Water and Sanitation, depending on the aquifer's size and other uses. Water volumes extracted for our plants are considerably below the volumes authorised by the licences.

Environmental management: Corrective actions for waste in Ukraine



- In 2020, an environmental proceeding was opened for the EPC contractor in one of our projects in Ukraine
- Claims included environmental damage relating to waste disposal, topsoil removal within project site and damage to a bridge close to the project area

Mitigating actions: The claims were immediately investigated by Scatec and the representatives of the local community and a Corrective Action Plan was implemented:

1. Construction waste clean-up in cooperation with licensed waste mgt company for compliant disposal of waste
2. Levelling and recultivation of land with topsoil damage
3. Signing a framework agreement with Tiligul National Park for cooperation and improvement actions

Outcome and status:

- The main actions of the Corrective Action Plan were completed by year-end 2020 with a few outstanding issues pending
- These issues will be closed by relevant stakeholders in Q2 2021 and include collection of household waste around project site, launch of a campaign to avoid future waste and maintenance of the damaged bridge

Biodiversity

The development and construction of utility-scale renewable energy plants can have a number of environmental impacts. These may include degradation of habitats, reduction of resource availability and transformation of habitats, which can affect biodiversity. Subsequently, a pivotal part of project development comprises biodiversity impact assessments. If an impact is unavoidable, we always implement mitigation measures to minimise impacts and restore biodiversity.

For all our projects, land transformation is minimised and land use optimised to lessen impact on fauna and flora. Relevant measures during construction and operations include, among other things, fencing off storage areas, keeping lighting at a minimum and allowing the free movement (migration) of small animals by maintaining migration corridors underneath perimeter fences.

We always implement mitigation measures to minimise impacts and restore biodiversity.



Taking further action by creating biodiversity offsets to compensate for the residual, unavoidable impact on fauna and flora caused by projects will be considered to ensure no net loss and, where possible, a net gain in species. We will continue to focus our efforts not only on the mitigation of potential negative impacts, but on the restoration and creation of biodiversity areas.

Biodiversity in Ukraine: Bird watching site

Background:

- Naturally functioning wetlands provide a range of benefits and services for people's livelihoods.
- Wetlands are extremely rich in biodiversity, including waterbirds.
- The loss of natural habitats coupled with excessive predator activity led to a sharp decline in the number of birds' species in the Tiligul Estuary.



Key initiatives and outcomes

Created a birdwatching site to support scientific research and to raise awareness and educational opportunities

The site monitors and identifies factors that negatively impact the number of rare and endangered species

Extensive educational work can be done at the site, emphasis on challenges related to the conservation of particular species

Governance:

The organisation's governance around climate-related risk and opportunities

- The Chairman has the highest climate-related responsibility among the Board of Directors
- The Executive Management Team, led by the CEO, is responsible for assessing and managing climate-related risks and opportunities. The team reports directly to the Board of Directors on a monthly basis

Strategy:

Actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material

- Physical risks in terms of extreme weather events have been identified as our main risk, while our key opportunities are access to new markets and increased demand for our low-carbon energy production
- We have applied scenario analysis based on Bloomberg New Energy Finance's New Energy Outlook (BNEF NEO) to support our strategy and business decisions
- We aim to perform a scenario analysis aligned with TCFD's recommendations during 2021

Risk management:

How the organisation identifies, assesses and manages climate-related risks

- Our process of identifying and assessing climate-related risks are integrated into our multi-disciplinary company-wide risk management process
- We have extensive policies and procedures in place as part of our operating system to actively manage risks related to the various parts of the Company's operations

Metrics and targets:

Metrics and targets are used to assess and manage relevant climate-related risks and opportunities where such information is material

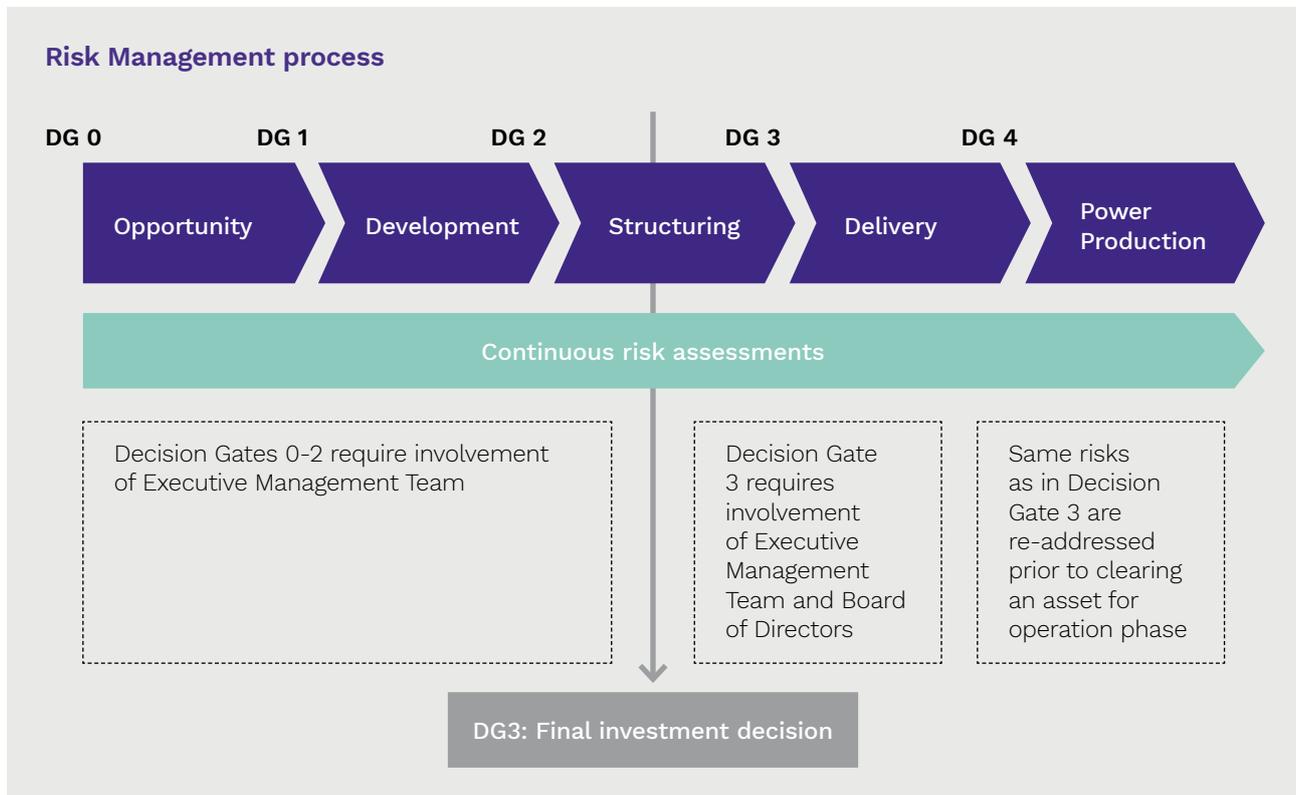
- Our carbon footprint accounting is in accordance with the Greenhouse Gas (GHG) protocol and has been calculated since 2017. In 2020, our carbon footprint accounting was based on activity data from 12 countries where we operate, including our headquarters in Norway
- We have set an absolute reduction target for Scope 1 and 2 to reduce our GHG emissions by more than 50% by 2030 and reach net zero by 2050 (base year 2019)



[Please refer to our full TCFD report on our corporate website for more information](#)

Climate risk management

Scatec has extensive policies and procedures in place as part of our operating system to actively manage risks related to the various parts of our operations. This includes climate risk. The main climate-related risks concern the development, construction and operations phase of each renewable energy project.



For each project, risks are identified, reported and actively managed through all phases of the project (as outlined in our risk management process above). All projects report risk management status as part of their monthly reporting process, which is regularly reviewed by both the Executive Management Team and the Board of Directors. On a Group level, an annual review of the entire risk picture and the risk management system is performed by the Executive Management Team and reported to the Board of Directors.

Key climate risk

Climate change could have a range of potential impacts on our business. We operate and own renewable energy power plants in local communities for 20–25 years, and it is therefore important to try to predict and evaluate potential climate-related risks to and opportunities for our people, business and physical assets.

The most serious climate-related risks involve the physical impact of extreme weather events, including droughts and floods. Refer to our TCFD report [here](#) for a full summary of key risk areas related to climate change and description of relevance to our business.

Extreme weather is one of the most serious climate-related risks to our business

Key climate opportunities

Climate change risks are forcing policymakers to seek low emission sources of energy when tendering for new power generation. Scatec focuses on renewable energy from solar, wind, hydro and storage solutions, and competes in public tenders globally.

We see new business opportunities opening up in emerging markets, where new energy capacity is desperately needed and where focus on renewables, time to market and price is significantly favouring solar and wind. New markets are opening up due to climate-related financing such as subsidies and partnerships with regional development banks to increase access to energy.

Scatec is well-positioned to exploit these opportunities through our experience with public-private partnerships and innovative finance solutions in collaboration with partners like the World Bank, the IFC, regional development banks, export credit agencies and Norfund.

GHG emissions avoided from our solar plants

By providing clean electricity, our renewable energy plants significantly contribute to reducing greenhouse gas

GHG EMISSIONS AVOIDED PER COUNTRY	ESTIMATED ANNUAL SAVING (TONNES OF CO2)
Brazil	29,400
Czech Republic	11,400
Egypt	450,900
Honduras	49,600
Jordan	43,400
Malaysia	136,300
Mozambique	4,800
Rwanda	7,500
South Africa	825,300
Ukraine	42,000

Source: Calculated based on local grid mix emission factors from the International Energy Association (IEA).

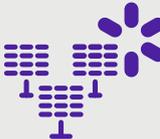



The low carbon transition
is one of the key climate opportunities for our business

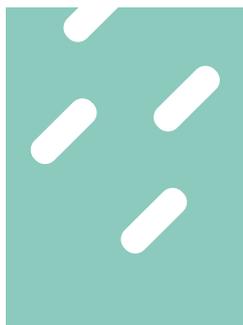
emissions in every country where we operate. We take advantage of the emission reductions resulting from our plants in operation and our projects continue to be registered with the United Nations Framework Convention on Climate Change (UNFCCC) for verification and certification of electricity generation.

One of our 2020 targets was for annual GHG emissions avoided by our plants to reach 1.4 mill tonnes by year end 2020. Our plants in operation outperformed this target, reaching close to 1.6 mill tonnes avoided by year end, almost double that of 2019.

GHG emissions avoided from our operating solar plants in 2020



1.6 mill tonnes



“A 2020 key focus was to expand our scope 3 emissions reporting. We engaged with several key suppliers during the year to better understand their climate reporting and ambitions.”

- Julie Hamre, Head of ESG Reporting



Climate Reporting

We reported to the Carbon Disclosure Project (CDP) in 2020 and was awarded top score and a place on its prestigious 'A' List for tackling climate change. This demonstrates our commitment to climate action and increased transparency for management of risks and opportunities posed by climate change. We are very satisfied with the efforts of expanding our scope 3 emissions reporting and setting ambitious climate targets.

Our total carbon footprint

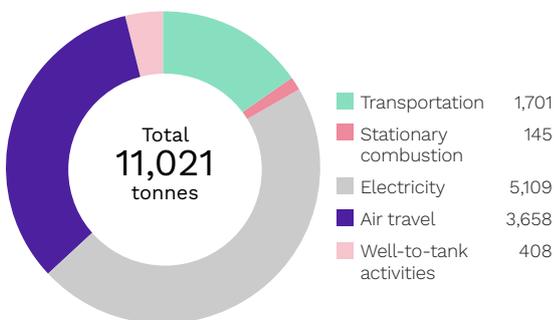
Reduction in scope 1 and 2 emissions in 2020

The total GHG emissions from our activities in 2020 amounted to 7,359 tonnes, reflecting a reduction from

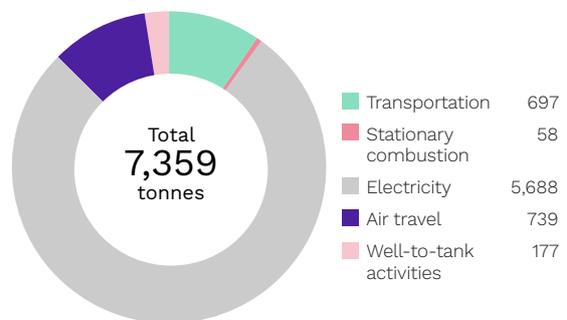
11,021 tonnes in 2019¹⁾. This includes scope 1 emissions, market-based scope 2 emissions and air travel which falls under scope 3.

The overall decrease in emissions from 2019 is primarily due to less air travel following the restrictions imposed by the global pandemic in 2020. The increase in electricity is due to five projects moving into the operations phase during 2020. The decrease in transportation reflects less construction activities in 2020.

GHG emissions 2019



GHG emissions 2020



1) In 2019, due to a change in the calculation methodology for office electricity in South Africa, an additional 49 tonnes of GHG emissions should have been reported.

Reporting on more of our scope 3 emissions

In 2020, we substantially expanded our scope 3¹⁾ emissions reporting to ensure we captured the largest indirect sources of GHG emissions in our value chain.

The carbon payback time is estimated to be about 1.5 years

CATEGORY	DESCRIPTION	CALCULATION METHODOLOGY	ESTIMATED GHG EMISSIONS
   	<p>Purchased goods and services</p> <p>Solar panels (modules) predominantly procured in China</p> <p>Steel structures predominantly procured in Europe</p> <p>Inverter stations, including combiner boxes predominantly procured in Europe and China</p> <p>Construction services predominantly procured locally in the country where the project is located</p>	<ul style="list-style-type: none"> We collaborated with our Procurement department to obtain the number of solar panels as well as weight of steel structures and inverters purchased for a project We obtained emission factors for solar panels and inverters from our suppliers An emission estimate for steel was obtained from desktop research Data on fuel usage by vehicles and on-site equipment (generators etc.) were provided by our EPC department Emissions from construction services activities were calculated using emission factors with the Department for Environment, Food and Rural Affairs (DEFRA) as source 	<p>For a project with a capacity of approx. 50 MW:</p> <p>23,000 – 28,000 tonnes for solar panels</p> <p>8,000 – 10,000 tonnes for steel structures</p> <p>900 – 1,100 tonnes for inverters</p> <p>300 – 500 tonnes for construction services' fuel for vehicles and on-site equipment</p>
	<p>Upstream transportation and distribution</p> <p>Transportation of procurement items from the manufacturing facility to the construction site</p>	<ul style="list-style-type: none"> Information and key data points on containers shipped and transported were received from our Procurement department Emissions were calculated based on: Transported goods in ton-kilometres (weight of containers and total distances), origin (factory) and final destination (project construction site) 	<p>For a project with a capacity of approx. 50 MW:</p> <p>2,000 – 2,300 tonnes for the transportation of procurement items</p>
	<p>Employee commuting</p> 	<ul style="list-style-type: none"> A generic emission factor was applied to estimate emissions related to commuting per employee The number of employees in the calculation are all full-time employees (figures provided by our HR department) 	<p>For all 435 full-time employees in 2020:</p> <p>200 – 300 tonnes</p>
	<p>Waste generated in operations (only includes employee waste)</p> 	<ul style="list-style-type: none"> An emission factor was applied for the estimated amount (kilograms) of waste (incinerated and recycled) per employee per year The number of employees in the calculation are all full-time employees 	<p>For all 435 full-time employees in 2020:</p> <p>30 – 40 tonnes</p>
<p>End-of-life treatment</p> 	<p>The end of life of a solar plant can take many shapes and forms. Global research on best practice indicates multiple options for the end-of-life treatment of equipment. Options include:</p> <ul style="list-style-type: none"> Recycling equipment components Reusing equipment, i.e. extending useful life "Take-back" agreements with suppliers Disposal of equipment 		

1) The ranges of GHG emissions for scope 3 estimates have been reviewed by our carbon accounts supplier.

Climate target to reach net zero by 2050

In line with our 2020 target, Scatec set ambitious climate goals during the year in line with the Science Based Target Initiative to reduce scope 1 and 2 emissions by more than 50% by 2030 and reach net zero by 2050.

This work remains a key priority for 2021, and we will work to develop a roadmap for reducing our emissions and continuing our collaborations with key suppliers.

Scatec's climate target in line with the 1.5°C scenario:

Reduce scope 1 & 2 emissions by:

More than 50% by 2030

Net zero by 2050



I-RECs purchased to reduce emissions from our electricity consumption in Egypt

In 2020, Scatec purchased I-RECs (International Renewable Energy Certificate) for 6,862 MWh of renewable energy in Egypt. Each I-REC represents proof that 1 MWh of renewable energy has been produced and includes the environmental benefits this renewable energy has generated. The certificate documents reductions of more than our total emissions from electricity usage in Egypt.

Refer to our corporate website for the Certificate verifying that 6,862 MWh of I-REC certified renewable energy has been delivered to Scatec in Egypt by ECOHZ for 2020.

Green Bond Framework

With the acquisition of SN Power and the broadening scope of renewable energy investments, Scatec has established a new Green Financing Framework, enabling the Company to finance its contribution towards a low-carbon and climate resilient future. The Framework was developed in alignment with the Green Bond Principles 2018 and the Green Loan Principles 2018, and was rated "dark green" by the second party opinion carried out by CICERO. The

framework and second party opinion are available on our corporate website.

Our ambitions and goals

We will continue our efforts to further strengthen and standardise our corporate environmental and social management system (ESMS) for all projects. A key priority in 2021 will be to initiate the development of a roadmap for reaching our climate targets. We also have the following key targets for 2021:

Environmental and social compliance

- Conduct Environmental and Social baseline assessments for all projects
- Develop Environmental and Social Action Plans for all projects and follow up all required activities

Human rights

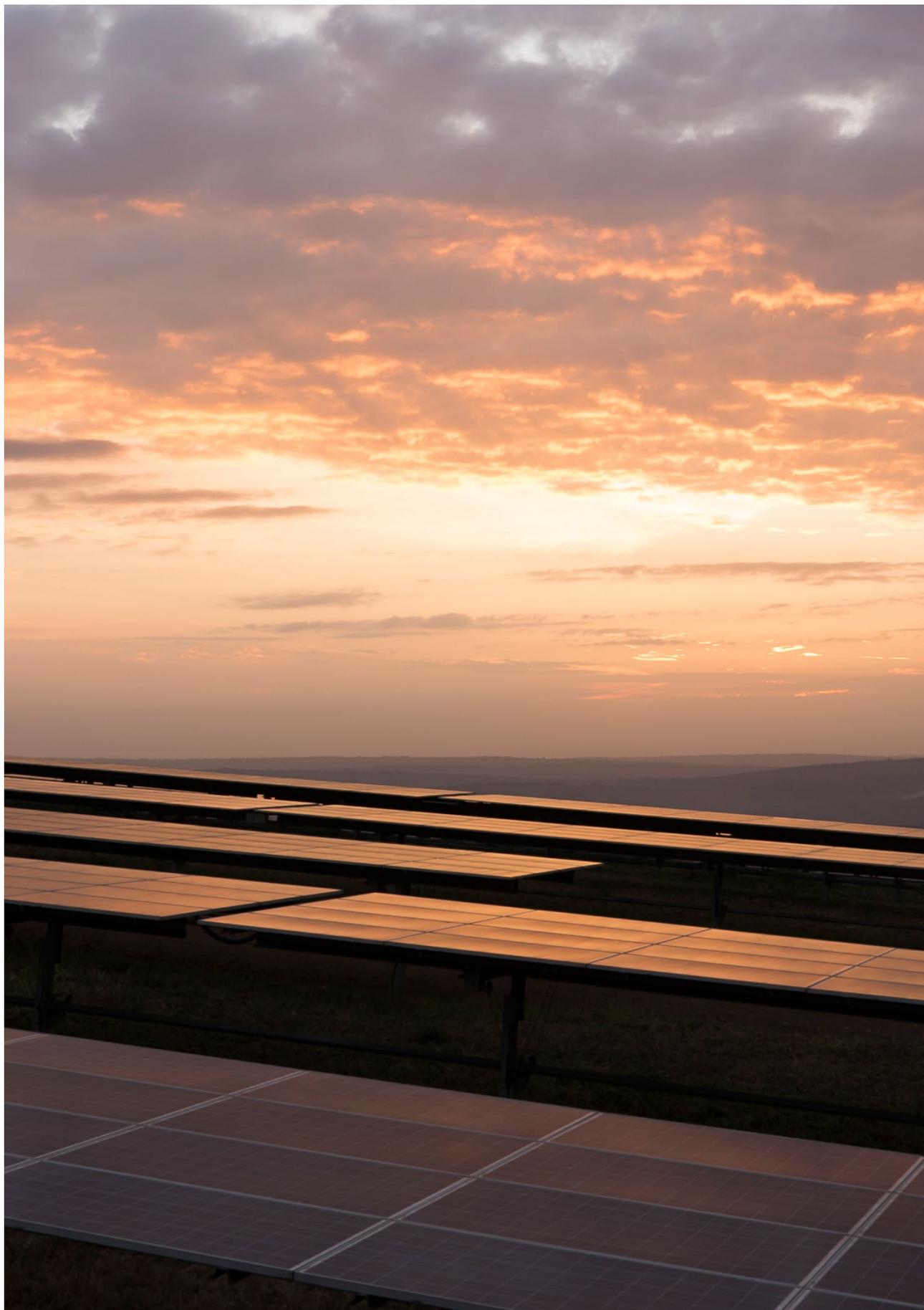
- Strengthen our human rights due diligence process at a corporate and project level
- Rollout standardised human rights training to all Security personnel and Community Liaison Officers globally

Climate action

- GHG emissions avoided from our solar plants to reach around 4.4 million tonnes by year end 2021
- Develop a climate roadmap to reach our targets for 2030 and 2050
- Develop lifecycle assessments (LCA) on a selection of projects
- Become a signatory to the Science Based Target initiative (SBTi)

Purchased I-RECs
equivalent to
6,862 MWh
in Egypt





Being a trusted business partner



Health and Safety



Health, Safety, Security and Environment (HSSE) are key priorities for Scatec. We take responsibility, set requirements and monitor HSSE performance in the development, construction and operations phases of our projects. We define and communicate our standards to our employees and subcontractors.

Key risks:

- Security and emergency preparedness
- Labour and working conditions (own and subcontractor workers)
- Contractor safety and monitoring
- Environmental impacts

Key opportunities:

- Training and awareness
- Open reporting culture
- Lessons learned
- Technological developments



[Corporate policies](#)

We continuously work for zero harm to personnel, assets and the environment. All our business activities are conducted in accordance with applicable labour standards and fundamental human rights norms as prescribed by the International Labour Organisation (ILO) and the Universal Declaration of Human Rights. Scatec is also certified to ISO 9001, 45001 and 14001.

We are committed to maintaining a comprehensive, effective and consistent HSSE management system across all projects. Our HSSE performance and objectives are monitored and evaluated in internal and external audits and annual management reviews.

Our achievements and results in 2020

We delivered close to 3.7 million working hours with no fatalities or serious injuries in 2020. During the year, we had projects under construction in Malaysia, Argentina, South Africa and Ukraine engaging close to 3,800 workers during construction, of whom a large portion were local and unskilled labour.



The rate of recordable work-related injuries amounted to 1.1 per million working hours, down from 1.5 in 2019. The decrease reflects, among other things, initiatives launched in 2019 and 2020 to strengthen our HSSE culture across the company. We are also accumulating extensive experience from our global project portfolio.

None of the recordable injuries were classified as serious injuries. The typical work-related injuries involved handling of tools and construction equipment, where hand/finger injuries were predominant.

No cases of work-related occupational diseases were recorded among our own employees or our subcontractors' workers in 2020.



LTIF 0.6

Lost Time
Incident Frequency
Per million hours worked



TRIF 1.1

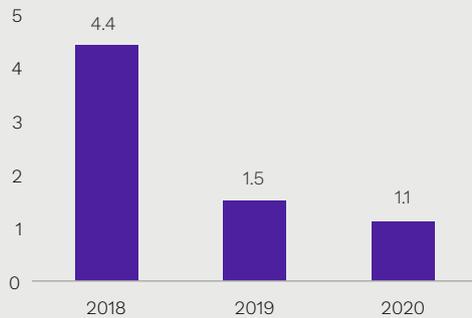
Total Recordable
Injury Frequency
Per million hours worked



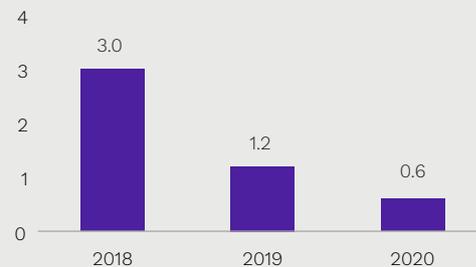
1.5 High potential incidents

Key statistics 2020

TRIF Total recordable injury frequency



LTIF Lost time incident frequency



KEY PERFORMANCE INDICATORS	TARGETS 2020	ACTUAL 2020	ACTUAL 2019	ACTUAL 2018
Fatalities	0	0	0	0
LTIF (Lost time incident frequency)	≤ 0.6	0.6	1.2	3.0
TRIF (Total recordable injury frequency)	≤ 1.1	1.1	1.5	4.4
High potential incidents	≤ 2	1.5	0.4	-
Sick leave ¹⁾	≤ 1.5%	1.0%	0.7%	0.8%
Working hours including subcontractors	-	3,694,531	11,747,041	6,368,975

All figures include hours from subcontractors except for sick leave. Rates are calculated per million hours worked.

1) Sick leave includes hours from full-time employees, short-term employees, and consultants.

A strong positive trend across several key performance indicators can be seen from last year (refer to table above). Key initiatives to continue strengthening our HSSE culture across projects included awareness campaigns, open reporting and behavioural schemes. For example, the “Goal Zero Hero” programme for our projects in Ukraine to reward individual commitments to health and safety.

In 2020 we established a new KPI covering high potential incidents and near-misses. 413 observations, incidents and near-misses were reported during the year, of which 5 were classified as high potential incidents. These reports add value to our organisation by enabling a proactive approach to rectify risks and stop unsafe trends. We are satisfied with the positive trend observed across our performance indicators, as well as the strong open reporting culture within our Company.

HSSE audits

The HSSE audit plan for 2020 covered sites, suppliers and projects. We also conducted regular internal audits organised by the projects along with external audits on behalf of financing and project partners.

The DNV ISO audit of Scatec was successfully completed in 2020, with retention of certifications for ISO 9001 (Quality), ISO 45001 (Health & Safety) and ISO 14001 (Environment). The audit was carried out with focus on the Boguslav project in Ukraine, Kiev, Oslo and Cape Town.

Contractor management remains a critical risk area

We continuously work to monitor that all our subcontractors operate in accordance with our policy and principles. Our Supplier Code of Conduct and Labour Policy for site personnel are integrated into all our subcontracts to ensure that these principles are respected including those parts of the value chain we have no direct control over. This is identified as a critical risk area for our company and strong efforts have been made in 2020 to improve our systems and monitoring activities. We have carried out labour management audits, held toolbox talks with labour requirements as main topic, and updated our checklists to include labour management during daily inspections.



100%

of employees and subcontractor workers are covered by our occupational health and management system



Global security practices

2020 was influenced by the global pandemic and our emergency preparedness and response setup was active throughout the year. A Central Incident Management Team was established in Q1 with biweekly meetings. Regular communication updates on information and safety measures to all employees included CEO townhall meetings, frequent leader and manager calls, as well as direct information updates.

The pandemic inevitably impacted the amount of traveling during the year. Scatec imposed a travel ban from Q1, although a small number of business-critical trips were required during the year. For these few cases, we established a strict travel approval checklist with pre-approval requirements from both the manager and relevant

business area EVP, as well as our EVP Sustainable Business & HSSE. Special security measures applied in those countries with a high-risk rating from our third-party risk advisor.

Traffic safety remains one of the most serious risks we face. In 2020, we registered two high potential incidents related to motor vehicle accidents in Ukraine and Mozambique. These incidents were closely investigated in line with our policy. We continually strive to maintain a strong focus on traffic-related risk. We have a Transportation Safety Management Plan for all locations that also requires all of our subcontractors to have a transportation safety plan and initiatives in place to promote safe employee travel.

Our ambitions and goals

We work continuously for zero harm to personnel, assets and the environment, and we believe that all incidents can be prevented through awareness, training and preparedness. Our main goal for 2021 is to have zero fatalities and serious injuries and reach our remaining HSSE targets set out in the table below. In addition, we will focus on leading and preventive KPIs to ensure a proactive approach to our HSSE improvement work.

Two recordable incidents related to traffic accidents
registered in 2020



KEY PERFORMANCE INDICATOR **TARGETS 2021**

Fatalities	0
LTIF (Lost time incidents frequency)	≤ 0.6
TRIF (Total recordable injury frequency)	≤ 1.1
Sick leave ¹⁾	≤ 2%
High Potential Incidents	≤ 1.5

All figures include hours from subcontractors except for sick leave. Rates are calculated per million hours worked

1) Sick leave includes hours from full-time employees, short-term employees, and consultants.

Anti- corruption



Scatec is committed to a zero-tolerance policy for corruption. Our activities are covered by the strictest anti-corruption laws in the world. These laws not only prohibit receiving, offering or payment of a bribe, but require us to actively prevent our suppliers and partners from engaging in corruption on our behalf.

Key risks:

- High risk markets
- High value investments
- Government interactions
- Licenses and permits
- Bribery and gifts

Key opportunities:

- Transparency and accountability
- Global alliances and partnerships
- Training and awareness



[Corporate policies](#)

The renewables industry is exposed to high risk of corruption. Some of the countries we are present in are amongst the most challenging in the world in terms of corruption risk. To prevent corruption and other unethical practices, we make extensive efforts in our projects and operations.

Anti-Corruption programme

Scatec has a zero-tolerance policy for corruption, set in our Ethics Policy and governed by our Anti-Corruption Programme.

The Anti-Corruption Programme encompasses our policies and procedures and describes how they are designed and implemented to detect and prevent risks of corruption.

Programme implementation is risk-based. We keep a particular focus on markets and activities particularly exposed to corruption.

Corruption risk assessments

We conduct corruption risk assessments at country, project and contract level. Scatec utilises the assessments to pinpoint areas which require specific attention, mitigating action and resource allocation.

When risk is identified, it is recorded and reported to the relevant stakeholders in each project to ensure awareness and implementation. In addition, we conduct a group risk assessment for every business unit each year.

Projects moving from opportunity, development, and structuring to the delivery and power-production phases are assessed through Decision Gates. There are four Decision Gates with clear criteria and requirements related to screening, compliance and risks of corruption.



The Transparency International Corruption Perceptions Index

(0–19) EXTREME RISK	(20–39) HIGH RISK	(40–59) HIGH-MEDIUM RISK	(60–79) MEDIUM	(80–100) LOW
	Brazil (38)	Czech Republic (54)		Norway (84)
	Vietnam (36)	Rwanda (54)		
	Ukraine (33)	Malaysia (51)		
	Egypt (33)	Jordan (49)		
	Pakistan (31)	South Africa (44)		
	Mali (30)	Tunisia (44)		
	Bangladesh (26)	Argentina (42)		
	Mozambique (25)			
	Honduras (24)			

Our achievements and results in 2020

Anti-Corruption risk assessments

All operations, including projects and business partners of Scatec, were assessed for risks related to corruption in 2020. Country corruption risk assessments were performed for Brazil, Iraq, Pakistan, South Africa and India.

Strengthening our Code of Conduct

In 2020, we implemented a new Code of Conduct that was also translated into Spanish, Portuguese, Ukrainian and Arabic. One of our 2020 targets was to hold mandatory Code of Conduct training for all employees, and we achieved this goal by implementing an advanced gamified Code of Conduct training. The training was interactive and engaging and contained dilemma training and mini games.

100%

of all employees trained
in our Code of Conduct



Global and regional compliance networks

We established a regional compliance network for Latin America. Each month the regional teams hold compliance meetings to ensure that the team is updated on any developments in the Anti-Corruption Programme, and to discuss key compliance workstreams and any dilemmas compliance officers might be facing.

Documenting and tracking Integrity Due Diligence

During 2020 we had a high focus on documenting and tracking Integrity Due Diligence (IDD) of high-risk suppliers and business partners. We established a methodology to assess and review corporate customers in our new venture, Release. This is closely related to the risk-based approach Scatec has to compliance, where we prioritise our resources on the third parties identified to represent a high risk. We further developed a procedure controlling that third parties registered in our ERP system have been through the appropriate IDD process.

Whistleblower function

The whistleblower function is available to all employees, suppliers, partners and clients of the company through internal channels and our corporate website. The function is operated by an independent third party. All whistleblowers have the option to be anonymous. Scatec is content with the

independent nature and current operation of the Whistleblower Function.

Number of incidents reported in 2020: **7**

Related to potential corruption: **0**

Related to discrimination: **2**



Zero confirmed
incidents of
corruption in 2020

Seven whistleblowing reports were received in 2020. None were related to corruption and two were related to discrimination.

We realigned our monitoring measures of key contractors and consultants by revising our contractual obligations and improving the monitoring measures for pre-approval of high risk third parties and pre-approval of meetings and payments to government authorities.

Training and awareness

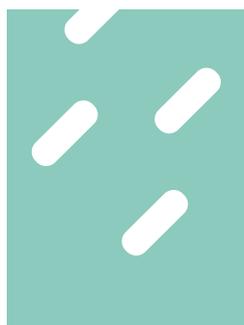
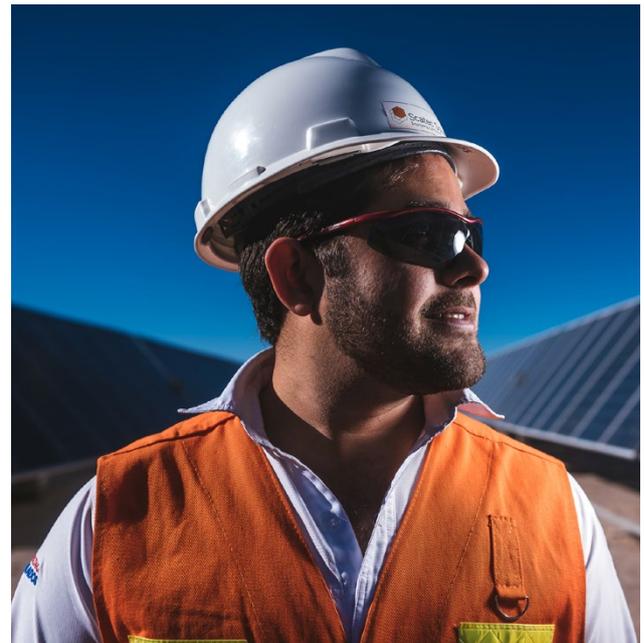
All employees are required to participate in ethics and anti-corruption training. Four anti-corruption training sessions were organised in 2020, although the new gamified Code of Conduct reduces the need for general training sessions. We specifically target business units with a higher risk of corruption, and six targeted trainings for specific business units were conducted during the year.

CORRUPTION INCIDENTS FOR THE LAST THREE YEARS	2020	2019	2018
Confirmed incidents of corruption	0	0	0
Confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Confirmed incidents when contracts with business partners were terminated or not renewed because of violations related to corruption	0	0	0
Public legal cases regarding corruption against the organisation or its employees during the reporting period	0	0	0
Number of companies or individuals on Scatec Solar projects subject to IFC investigation or sanctioning	0	0	0

Our ambitions and goals

We will continue to raise awareness of corruption and the high expectations we have for our employees and business partners. In 2021 we will:

- Develop a Country Corruption Risk Assessment methodology to be utilised by the regional compliance officers in collaboration with the country general managers.
- Establish a compliance network for Eurasia.
- Realign the Scatec Anti-Corruption Programme to meet new risks in former SN Power’s operations, including adopting new monitoring measures of non-controlled joint ventures and creating risk management strategies specifically tailored to hydro and wind.
- 100% completion rate for Code of Conduct training on an annual basis, translate training and rollout across all key languages within the company.



“Compliance and integrity forms the basis for all our decisions and is a premise when entering into new markets”

- Snorre Valdimarsson, EVP Legal

Responsible Supply Chain



Sustaining a responsible supply chain is a key part of our sustainability efforts, and we seek to select and develop suppliers with strong sustainability practices.

Key risks:

- Health and safety
- Human and labour rights
- Environment and climate
- Corruption

Key opportunities:

- Industry peer collaborations
- Low-carbon solutions
- Competence building
- Flexibility and resilience



[Corporate policies](#)

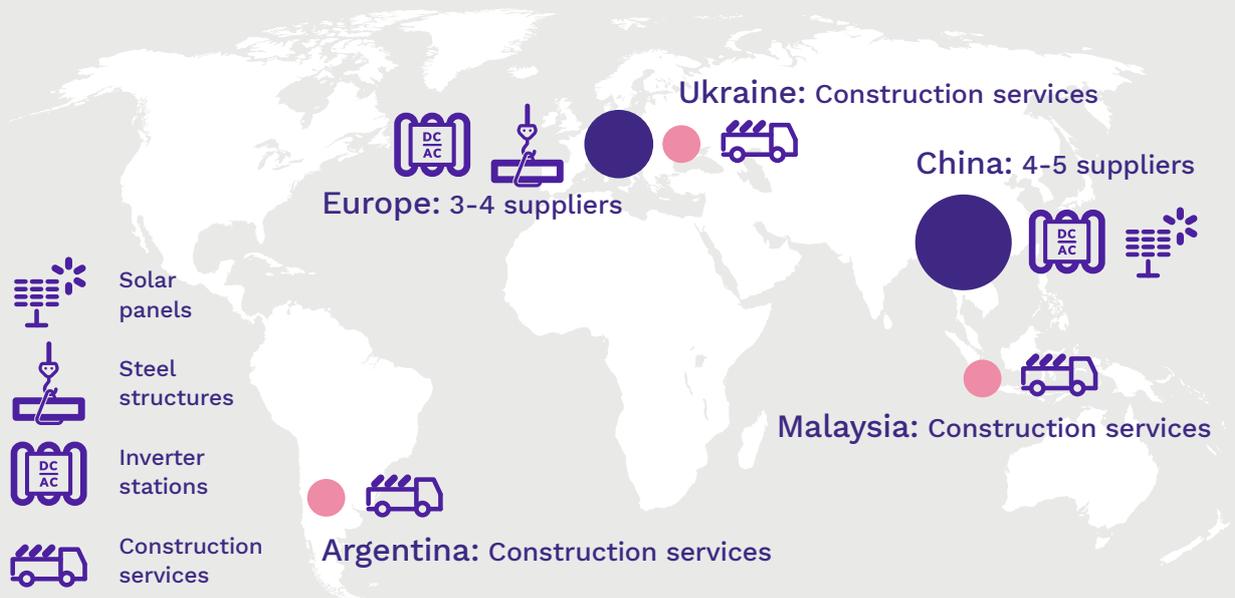
Scatec purchases goods and services from a wide variety of suppliers, ranging from large international organisations to specialist local suppliers worldwide. We mainly source services and components during the development and construction phases of our projects.

Our supply chain management work is guided by international standards including the IFC Performance Standards, OECD Due Diligence Guidance for Responsible Business

Conduct, the UN Guiding Principles on Human Rights and industry practice.

We regularly assess sustainability risks within our supply chain and seek to mitigate these risks through our supplier development programme, transparent and fair tender processes, robust contracting, pre-production audits and monitoring during production.

Global supply chain overview 2020



Three-stage screening process



1 Request for information from suppliers for pre-qualification covering legal due diligence



2 Desktop due diligence of the documents requested during the bid including QHSE and other key ESG aspects



3 Final audit and in-depth due diligence on short-listed suppliers prior to recommendation to award

Our three-stage screening process

Our procurement process starts with a three-stage screening process as illustrated above. Before suppliers are invited to tender, they must register on our online portal where a legal due diligence is conducted. The second phase is a desktop due diligence that includes Quality, Health, Safety & Environment (QHSE) systems and ESG aspects, which are submitted as part of the relevant bid. Suppliers are then shortlisted based on their scores after which a final audit and in-depth due diligence is conducted prior to awarding a contract.

After the screening process, we seek to continuously monitor and control our work with and relationship to our suppliers. All suppliers must sign our Supplier Code of Conduct and confirm conformance with the IFC's anti-corruption guidelines which we integrate into all our contracts, in addition to HSSE, environmental, social, and quality assurance and control requirements.

We appoint dedicated resources to directly follow up on quality and policy implementation during the construction phase.



Key focus 2020:

Closer engagement with suppliers



Mapping ESG risk

- Mapping key ESG risk in our supply chain
- Directly engaging with three strategic suppliers to better understand their ESG risk and mitigating activities
- Strengthening our risk assessment process and continuing closer collaboration with suppliers

Lifecycle management

- Mapping our suppliers' climate reporting and ambitions
- Directly engaging with seven suppliers of solar panels, steel structures, inverter stations and transportation services
- Expanding our understanding and reporting of main indirect sources of GHG emissions in our supply chain

Our achievements and results in 2020

Understanding our supply chain

In 2020, we conducted a gap analysis of our supply chain management from an ESG perspective in collaboration with a third party. A key focus of the analysis was to gain a better understanding of our supply chain's ESG risks and impacts including labour and human rights, environment and climate, corruption, and health and safety. In addition, to review our monitoring and follow-up procedures and explore collaboration opportunities. The outcome of the analysis is a comprehensive implementation plan to strengthen our supply chain management, to be initiated in 2021.

Supplier screenings and audits

We audited all suppliers in major categories from whom we procured goods and services in 2020. We also conducted performance reviews on all suppliers in major categories through our screening process. During the year, supplier registrations grew by 436 through our online supplier registration process. We also initiated a more integrated approach to key supplier audits by planning for coordinated audits for both QHSSE and ESG.

100%
Environmental and social screening of new suppliers in 2020



Stronger supplier engagement

During 2020, Scatec invited 40 companies to partake in our External Supply Chain Survey. The aim of this survey was to gather inputs from suppliers and contractors on our tendering processes and to identify areas for improvement. We received a 67% response rate with high quality responses. The survey results clearly indicate that suppliers and contractors experience that Scatec runs fair and transparent tender processes.

In 2020, Scatec was recognised with a place on the Carbon Disclosure Project's (CDPs) 2020 Supplier Engagement Leaderboard based on our engagement efforts with suppliers on climate matters.

Among the Top 7% of companies
assessed for supplier engagement on climate change, based on our 2020 CDP disclosure

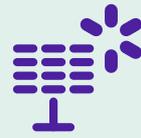


By working with our suppliers to better understand their emissions and ambitions, we are building our knowledge base and sharing experiences that mutually benefits us and our suppliers.



Human and labour rights in China

Key risk: Forced labour issues in the solar PV production industry in Xinjiang, China



Short background: During recent months the province Xinjiang in China is alleged to have widespread use of forced labour. 71% of polysilicon is produced in China of which Xinjiang produces 63%, representing 53% of the global polysilicon capacity. With more than half of the polysilicon produced in Xinjiang, these allegations represent a very serious issue with widespread impacts.

Key mitigating activities: Scatec is taking the following key steps to ensure that our supply partners follow our integrity standards:

- We are updating our contracts to include specific topics related to the Xinjiang forced labour issue
- We are working with specialist consultants on a broader strategy to ensure traceability in the downstream supply chain
- We are working with suppliers on alternative sourcing of polysilicon
- We are collaborating with peers in the industry to understand their approach and create collective pressure on the supply chain to ensure compliance

Outcome and status: We currently believe we can sufficiently mitigate the risk due to the following:

- There is ample polysilicon capacity outside of Xinjiang that is currently being explored
- We believe that we can create sufficient transparency in the bill of material and other exchanges of raw material to ensure that we are not contributing to the wider issue
- We have established collaborations with our stock listed partners on the Bloomberg tier 1 list and will continue to work with them on a sustainable supply strategy to further mitigate the risk

Conflict minerals regulation and our approach

In 2019, we initiated a process of reviewing the risk of conflict minerals in our supply chain. This work has continued in 2020 and our goal is to ensure that all high-risk suppliers have policies in place that covers conflict minerals.

We have developed a corporate policy on conflict minerals to be integrated into our procurement policy in 2021. With the EU Conflict Minerals Regulation entering into force on 1 January 2021, we will work to ensure full alignment to the requirements relating to responsible sourcing and due diligence.

Our ambitions and goals

We will continue to engage with our suppliers to promote sustainable business practices and to reduce our carbon footprints. In 2021, our main goals are to:

- Appoint a Sustainable Procurement Manager dedicated to implementing and monitoring Sustainable Procurement within Scatec
- Organise a minimum of two workshops with strategic suppliers on ESG topics

Conflict minerals

As defined by US legislation, conflict minerals currently include the metals tantalum, tin, tungsten and gold, which are the derivatives of the minerals cassiterite, columbite-tantalite and wolframite.

- Improve our vendor management system and the use of analytics in order to develop global supplier scorecards and set KPI's accordingly
- Take the lead in establishing a procurement leaders forum for leading companies in our industry with one of the main purposes being to drive sustainability within the global renewable supply chain
- Ensure alignment to the EU Conflict Minerals Regulation and ensure that all high-risk suppliers have policies or statements and measures in place to confirm that their products are free from conflict minerals
- Develop a corporate strategy for life cycle management of equipment

Our People



Our ability to drive personal development is critical to delivering on our strategy. We acknowledge that people are our most important asset, and we strive to create an environment that fosters excellence, promotes our values and encourages diversity.

Key risks:

- Talent recruitment and retention
- Ensuring sustainable growth
- Work-life balance

Key opportunities:

- Diverse workforce
- Green and sustainable company
- Human capital development
- Leadership talents
- Transparency and accountability

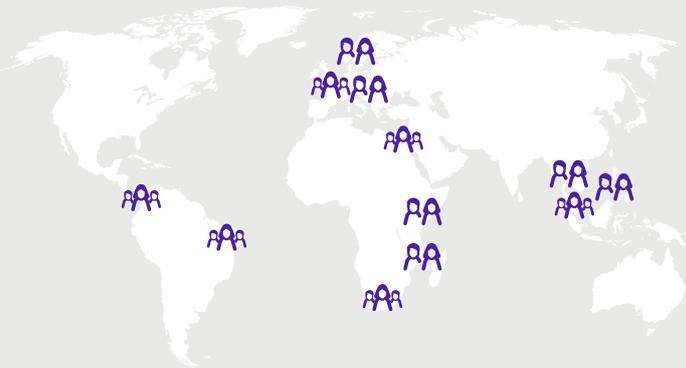


[Corporate policies](#)

Employee statistics 2020



Geographic distribution



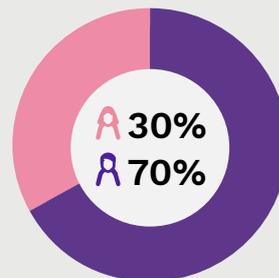
Global workforce



Nationalities



Gender



Achievements and results

We broadened our corporate strategy in 2020 to accelerate growth and become a global leader in renewable energy. Our people will play a crucial role in the success of this quest.

At the end of 2020, Scatec had 435 full time employees (FTE), representing an increase of 30% since 2019. In addition, we had 97 short-term employees and 38 consultants, giving a total workforce of 570 people all categories included.

COVID-19 had an impact on how we work, but our business and operations have fortunately been largely unaffected by the pandemic. People cope differently with the new situation, but all share the need for an adequate workspace and arenas to interact with colleagues. Our focus throughout the year has been to facilitate this through initiatives such as free online exercise for employees, grants for home office equipment and regular lunch learning sessions to connect colleagues.

46%
female workers
at our headquarters
in 2020



Diversity and inclusion – a key priority

Diversity is a business imperative for Scatec. With 41 nationalities in 2020, we truly are a global company by any definition. With operations all over the world, a workforce of diverse backgrounds is a competitive advantage for Scatec.

We embrace diversity and inclusion in our practices, policies and procedures including but not limited to hiring processes, performance and rewards, learning and development programmes and initiatives.

The following table gives an overview of gender diversity and age range for the Executive Management, Board of Directors and Company in total.

GOVERNANCE BODY	GENDER (% FEMALE)			AGE GROUP (%) 2020		
	2020	2019	2018	Under 30	30-50	Over 50
Management	14%	14%	14%	0%	38%	63%
Board of Directors	40%	40%	40%	0%	0%	100%
Headquarters (Norway)	46%	46%	47%	7%	80%	13%
Total Company	30%	33%	33%	21%	69%	10%

Among our targets for 2020, we aimed to increase the number of female employees by 10%. We strengthened our focus on initiatives to promote greater diversity in 2020 through, among other things, introducing a policy on diversity and inclusion, as well as a focus on recruiting female candidates and promoting women in our leadership programmes. However, as the above table reflects, there was a slight drop in the percentage of females employed by Scatec in total, from 33% in 2019 to 30% in 2020. As we are not content with this development, increasing the share of female employees will remain a priority in 2021.

Young and dynamic are key features of Scatec’s workforce, reflected by an average age of 37. The voluntary turnover rate for female employees was 5.8%, and 4.8% for male employees. We recruited 106 highly skilled new full-time

employees during the year, as well as 30 short-term employees and 21 consultants.

Please refer to our GRI Index on our corporate website for further detailed data on employees and other workers.



**Young and dynamic workforce
with an average age of 37**

Human capital development initiatives



Customised online learning:

Our online learning was expanded in 2020 through a gamified learning platform with several courses available to all employees. All employees complete mandatory onboarding and training. Hours for all gamified and other trainings totaled 1,490 in 2020. The roll-out of the gamified training was highly successful with enthusiastic participation by employees and a 100% completion rate.



Learn@Lunch:

In 2020, we launched a new training initiative as part of our Organisational Development Plan – online Learn@Lunch sessions. We organised 21 Learn@Lunch sessions during the year with key topics covering various geographic region and country updates, ESG, Operation & Maintenance, IT security, QA & HSSE and Business Development.



Leadership development:

Developing leadership as a competency and company culture is critical to reach our business strategy and goals. A key leadership development initiative includes our global leadership development programme organised over 9 months with a real-life business case and management involvement. In addition, 100 employees completed our leadership development modules and master classes in 2020.

Our ambitions and goals

In 2021, we will focus our efforts on initiatives to promote greater diversity, enterprise leadership, culture integration and employee development, both in line with best practice and aiming to excel beyond compliance. The following targets have been set for 2021:

- Each employee defines a performance development goal related to competence development
- Increase the percentage of female employees by 10% globally
- Report on the number of female employees in management positions
- Strengthen our work related to equal opportunities by utilising the platform “[Equality Check](#)”
- Conduct employee engagement pulse surveys on a quarterly basis and develop key actions based on results
- 100% completion of mandatory training for all employees annually

Key highlights: Employee engagement survey 2020



Positive trend on all questions



Are proud to tell others they work at Scatec



Says Scatec is a great place to work



Says management keeps them informed about issues and changes





Contributing to local value creation



Local Value Creation



Our goal remains to positively impact the communities we operate in, both directly and indirectly. Contributing to local development, recruitment of local labour, identification of community-specific needs, as well as open dialogue and working closely with our stakeholders.

Key risks:

- Potential negative impacts from project construction
- Land resettlement
- Corruption
- Community unrest
- Unresolved grievances

Key opportunities:

- Increased access to clean energy in communities
- Local job creation and training
- Socio-economic development in the areas of health, education and infrastructure



[Corporate policies](#)

In 2020, we expanded into more communities across the globe with development and construction in several new markets. Priority activities included community engagement, local recruitment, grievance handling, as well as planning and implementation of new and existing development programmes.

While we aim to create value, there is a risk of unintended consequences from project construction. We are continuously conscious of this and strive to complete risk identification and mitigation. The truly global reach of the organisation means that, in some instances, legal and governance frameworks are not always present to govern the standards of impact control within project communities. Our work is aligned with our internal governance systems and established international standards like the IFC Performance Standards across all projects.

Stakeholder engagement in local communities

Solid interaction with our project neighbours and establishing good relations is essential. In all our operating projects, we have local community engagement and impact assessments. If dialogue with affected parties is not carried out in a timely and integrated manner, misinterpretations and concerns in local communities might arise.

Long-term and transparent engagement is critical



to ensure project support and good relations

To engage with local communities means to inform people about our projects and their impact, to manage expectations and to ensure local support and understanding. Regular meetings are held with local leaders and representatives in all communities where we have a presence. Early dialogue is critical, and long-term engagement is equally important.

Through biweekly progress reports from project teams, the executive management receives communication on all material matters raised by our communities.

International principles for stakeholder engagement

- A stakeholder analysis and stakeholder engagement plan is always carried out in accordance with the IFC's Performance Standards and the Equator Principles.
- All projects have an assigned Community Liaison Officer (CLO) who is responsible for community engagement and maintaining good relations with the local communities.
- A grievance mechanism is implemented for all projects, available locally at the project site, CLO office and on our corporate website.



Our achievements and results in 2020

In 2020, the pandemic impacted the way we engage in communities. We found alternative ways to connect with several of our stakeholders by adopting physical and digital strategies for engagement. This included hosting virtual meetings and forums as well as strong support provided from our CLOs, based in the local communities, in times when travel was suspended globally.

Establishing dialogue with a broad range of stakeholders, including local communities, at an early stage in a project, is critical for understanding a project's impact and for integration of relevant considerations into the project development process. Community stakeholder engagement is not a series of isolated events, but rather a continuous process throughout the entire life of a project.

Stakeholder engagement: South Africa

Project: Upington solar complex, 258 MW

Grid connected: 1H 2020

Programme: Part of the fourth round of the REIPPPP (Renewable Energy Independent Power Producer Procurement Programme)



Background:

- Scatec has engaged with the local communities in Upington since 2018, prior to construction start
- The solar complex employs two permanent Community Liaison Officers and an ED Manager who are responsible for local engagement and managing our grievance mechanism.

Target:

- In 2020 we experienced social unrest in the communities due to perceived unmet local expectations with regard to local empowerment and procurement rates. Expectations in communities are sometimes higher than what is possible in practice, especially in severely economically challenged communities

Mitigation: Key activities to ensure transparent and solid engagement in the community were implemented:

- Quarterly stakeholder engagement forums involving a broad range of stakeholders
- Substantial early spend on socio-economic & enterprise development programmes
- Monthly meetings and contact with the community forums
- Weekly slots on the local radio to inform the community about our programmes and local job creation

Grievance mechanism in all projects

The grievance mechanism is targeted towards individuals, communities and companies who have feedback or concerns regarding our projects. It is a channel to present issues to the administration of the projects and is directly supervised by our global sustainability unit.

Each grievance is logged in our system, allocated to the responsible person and systematically processed according to our grievance procedures. We aim to have a response time and initiate action to resolve the grievance in a maximum of 15 working days. The mechanism is available at each local project site and in five different languages on our website: English, Arabic, Spanish, Portuguese and French. The mechanism provides a valuable platform for engaging with communities.

The total number of grievances received during 2020 for projects in operation, under construction and under development totalled 79. Given the reduced activity level of construction in 2020, coupled with the pandemic placing some restrictions on mobility, this reduction from earlier years was to be expected.



AS OF 31 DECEMBER	2020	2019	2018
Percentage of operations with implemented local community engagement, impact assessments and development programmes	100%	100%	100%
Number of grievances received	79	174	92
Number of grievances addressed and resolved	65	137	79

Of the total number of grievances, 37 were related to the Redsol project in Malaysia that was under construction in 2020, of which all 37 grievances were addressed and resolved. A further 18 grievances were related to our projects in Egypt that involved smaller disputes between our contractors and their sub-contractors. 11 of the 18 grievances received were resolved in 2020. The remaining 24 grievances were related to our projects in Brazil, Honduras, Mozambique and South Africa. The majority of these grievances were resolved by regular engagement with the local communities and communicating our processes and principles.

At the end of the year, 11 grievances in Egypt, 2 in Honduras and 1 in Mozambique were still in the process of being resolved. In the first months of 2021, we closed 7 grievances in Egypt and the remaining 2 in Honduras. Please refer to our corporate website for our grievance mechanism process.

79 grievances registered in 2020, of which 82% were resolved

Local job creation

Project initiation in communities can only be sustainable if there is localised income generation. Scatec employs local labour and contractors as far as possible, whether there are legal requirements or not. This process not only provides employment opportunities, but transfers knowledge, skills and spill-over opportunities to community members.

The construction phase generally generates more employment opportunities, where workers and suppliers gain valuable experience to increase employability in the future.

In 2020, Scatec had projects under construction in four countries, all of which had commenced construction in 2019.

We generated 3,775 direct jobs from projects under construction, with the percentage of local employees averaging nearly 60%. Our target for 2020 was for this figure to be 70-80%. Although the availability of local labour, as well as several other factors influence the achievement of these targets, we continue to strive towards maximising local components and capacity across projects. In addition, as a result of the COVID-19 pandemic, construction activities were suspended for a few months in multiple countries.



Permanent positions

Aligned with our focus on local employment, Scatec employs in country permanent positions in various stages of the value chain, across all organisational business functions including engineers, plant managers, HSSE experts, civil and mechanical workers, security personnel and community liaison officers, to mention a few. In 2020, Scatec permanently employed 66 O&M Operators in addition to our 19 Plant Managers and 20 Community Liaison Officers. The table to the right shows examples of permanent local job creation on a senior management level and other positions across our projects in operation for the last three years.

Permanent local job creation for plants in operation

PERMANENT EMPLOYEES	2020	2019	2018
Senior Management level			
Plant Managers	19	15	11
Other levels			
Operation & Maintenance operators	66	65	48
Community Liaison Officers	20	18	10

“In an environment with an otherwise conservative mindset, a strong focus on how we achieve and maintain gender equality is particularly important”

- Ehab Adel,
O&M Manager,
Scatec Egypt



Female engineers at our Benban Solar Park, 390 MW

- In Egypt, we are building a robust, highly efficient team of engineers working in operations and maintenance.
- A consistent focus on skills over gender in recruitment processes, training and education are among the measures implemented to raise the share of female engineers and ensure gender equality.
- The effects of the measures taken are clear: the percentage of female candidates applying for similar roles has increased, as has the proportion of high school female students looking to pursue engineering.
- Our engineers, Asmaa Mahrous, Zeinab Ramadan and Ghada Ahmed are role models and they are inspiring other women in their community. The President’s office has even recognised their efforts as significant to empower other young women.
- “We are proud of what we have achieved, and we will continue to be consistent in our efforts going forward”, Ehab Adel concludes.

Local supply chain development

We work to strengthen our local supplier base by identifying short, medium and long-term services that could be supplied by entrepreneurs in the local communities surrounding our solar plants. This can be achieved through targeted supplier development initiatives that promote local capability and capacity building. This is not always an easy or feasible task.

Typically, our engineering, procurement and construction (EPC) scope has 30% or more local content attributed to construction, staff, accommodation, travel and other minor procurement. In regions where we have established operations and there is a developed supply chain in country, a local content of 60–80% has been achieved. We strive to engage local service providers for various essential operations and maintenance (O&M) projects such as module washing and vegetation control.



Vegetation Control project in South Africa

Project: Dreunberg, 75 MW
Local service provider: Vizz Tech

- Vizz Tech is a small local construction business that also focuses on training within the construction industry
- Engaged by our Supply Chain team for vegetation control at our Dreunberg solar plant
- Throughout the duration of the project, Vizz Tech made good progress against weekly milestones, but encountered difficulty with unreliable machinery
- Scatec provided support in the form of additional brush cutters from our South African enterprise development funds, committed to supporting small businesses as per the Implementation Agreement with the Government



O&M Building Maintenance project in South Africa

Project: Linde, 40 MW
Local service provider: Libumbe Trading

- Libumbe Trading is a small local construction business
- Engaged by our Supply Chain team for maintenance work at our Linde solar plant
- Scatec provided training focusing on construction compliance documentation, understanding tender submission and operational aspects related to executing a construction project
- The building maintenance project was completed successfully with positive feedback on Libumbe Trading’s performance from our Plant Manager and team

Local development programmes globally

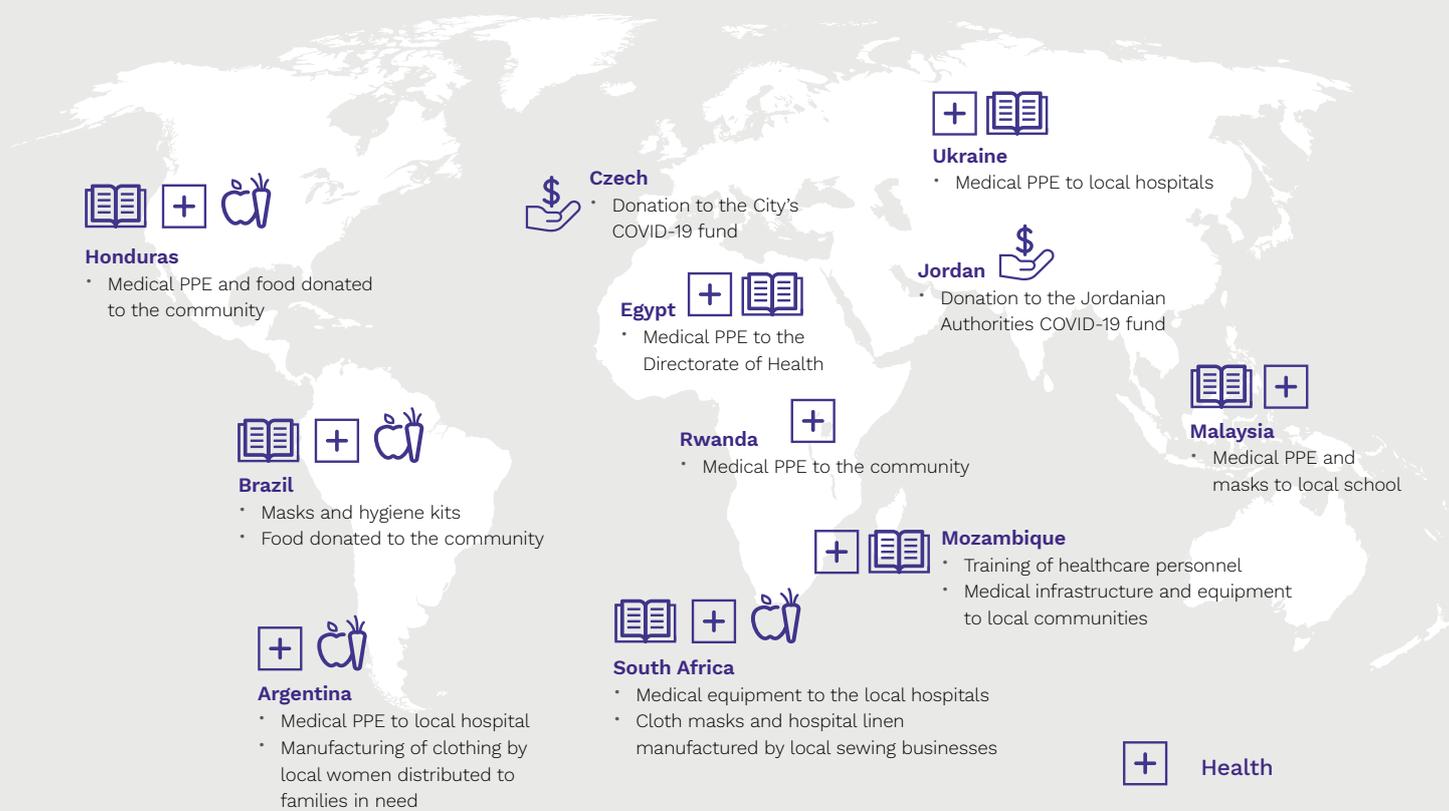
Contributing to long-term local value creation is a key success criterion towards achieving the overall company goal of delivering competitive and sustainable renewable energy.

Scatec plans and implements community development programmes in line with our Community Investment Policy within the communities where we have operations. All initiatives and programmes are identified in close dialogue with local stakeholders and in consultations with local

community members to ensure that the prioritised needs and significant social challenges of the communities are addressed.

The focus of our socio-economic and environmental development includes, but is not limited to, access to energy, capacity building, health and education. Community PV or small-scale solar systems will form a larger part of our local development programmes over the coming years. Refer to our corporate website “Sustainability” for a feature on local development programmes globally.

COVID-19 relief efforts in all local communities we operate in covering 11 countries



We are content with our approach and efforts around local development and engagement and will continue to strive towards strengthening local supply chains and creating jobs in the communities we operate in.

Our ambitions and goals

Our targets for 2021 and onwards are outlined below:

Community engagement

- Develop a stakeholder engagement plan for all projects in line with the IFC's Performance Standards to be reviewed annually to reflect any potential changes
- Perform environmental and social due diligence for each project prior to Decision Gate 2
- Appoint a designated Community Liaison Officer in all projects
- Respond to and action all project grievances within 15 days of their registration

Local job creation

- Hire 70–80% local workers in every project during the construction phase

Local development

- Develop local needs assessment for all local development programmes
- Develop 3-5 key impact measures for all local development programmes
- Community PV: 2-3 new projects initiated in 2021



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