

The Scatec logo is positioned in the upper left corner of a teal circular graphic. It features the word "Scatec" in a white, sans-serif font, with a stylized sun icon above the letter 'S'.

Scatec

ESG Performance Report

2022



Our vision

Improving our future



Our mission

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

Our values

Driving results
Changemakers
Predictable
Working together

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Refer to our corporate website for our reports:
<https://scatec.com/>

Clean energy in a sustainable way

Scatec is a leading renewable energy solutions provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, Scatec develops, builds, owns and operates solar, wind and hydropower projects and storage solutions.

Sustainability is a fundamental part of our organisation, rooted in all our business units and integrated across our value chain. We have dedicated sustainability resources, both at the project and corporate level, involved in all power project phases for long term approach and impact.

**ESG
intergration**
across our
value chain

50
dedicated
sustainability
resources

**Trusted
partners**
with high ethical
standards



ESG performance and targets

Scatec reports on targets and key performance indicators across our material topics. The table below covers key ESG results and performance from the full year 2022.

	KEY PERFORMANCE INDICATORS	UNIT	TARGET 2022	ACTUAL 2022	ACTUAL 2021	ACTUAL 2020	TARGET 2023
E	Environmental and social (E&S) assessments in new projects	% projects assessed	100	100	100	100	100
	GHG emissions - Scope 1 and 2 ¹⁾	tonnes CO2e	N/A	3,930	8,745	7,117	3,900
	GHG emissions intensity - Scope 3 ²⁾	tonnes CO2e/kWh	N/A	410	8	62	190
	GHG emissions avoided ³⁾	million tonnes CO2e	2.1	2.0	2.0	1.6	2.1
	Renewable electricity consumption (I-RECs)	% RE use	65	83	16	34	65
	Water consumption in water-stressed areas	million litres	N/A	11.3	11.0	5.9	N/A
S	Lost Time Incident Frequency (LTIF)	LTIF/million hours	≤ 2.1	0.7	1.9	0.6	≤ 2.1
	Total Recordable Injury Frequency (TRIF)	TRIF/million hours	≤ 3.2	1.6	3.0	1.1	≤ 3.2
	Fatalities	number	0	0	0	0	0
	Female managers	% female	32	29	27	33	N/A
	Female employees	% female	N/A	30	29	30	N/A
	Gender pay gap of HQ employees (difference in average base salary between men and women)	% difference	N/A	7	5	7	N/A
G	Projects with a Community Liaison Officer (CLO) appointed	% projects with CLO	100	100	100	100	100
	Grievances resolved	% resolved	100	87	79	82	100
	Confirmed corruption incidents	number	0	0	0	0	0
	Whistleblower reports received	number	N/A	8	7	7	N/A
	Anti-corruption training of employees	% trained	100	100	89	100	100
	E&S screening of new suppliers	% screened	100	100	100	100	100

1) Scope 2 is reported following the market-based approach based on international renewable energy certificates (I-RECs).

2) Indirect GHG emissions from activities related to the scope 3 categories as disclosed in the [Climate change chapter](#) in this report.

3) GHG emissions avoided include all projects where Scatec has operational control. For all projects where Scatec has an ownership stake, 4.7 mill tonnes of GHG emissions were avoided in 2022.

GHG emissions avoided

2.0 mill

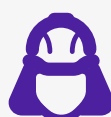
tonnes where Scatec has operational control



Female managers

29%

of females in mgmt. positions



Anti-corruption training

100%

of employees trained



ESG performance summary

Environment

Scatec conducts environmental and social (E&S) risk and impact identification for all projects throughout the business development phase in the form of desktop screening (decision gate (DG) 0-1), due diligences and impact assessments (DG1.5). Following, planning for managing these risks and impacts commences at DG1.5. Both E&S risk and impact identification and management are performed in close dialogue with project and financing partners. In 2022, new projects in Botswana, Brazil, Cameroon, Egypt, India, Oman, the Philippines, Poland, South Africa, Tunisia and Vietnam were subject to E&S desktop screening, due diligences and impact assessments depending on the relevant project's DG. All new projects are Category B projects according to the IFC Performance Standards, with potential limited adverse E&S impact.

It is key for Scatec to contribute to emissions mitigation for the societies we operate in through renewable energy production, in our own operations and value chain. In 2022, we set science-based net zero targets for emission reductions towards 2040 and developed an action plan in line with the best practice methodology per the Science-Based Target Initiative (SBTi). Our [Net Zero strategy](#) details key initiatives within our operations and value chain to reach our targets. To measure our contribution to the renewable energy transition, we also calculate emissions that Scatec helps avoid by producing low emission electricity compared to the existing grid mix available in the countries where we operate. The GHG emissions avoided from the power plants where we have operational control reached 2.0 million tonnes by the end of 2022. For all projects where Scatec has an ownership stake, 4.7 mill tonnes of GHG emissions were avoided in 2022.

Social

We delivered more than 4.5 million working hours with no fatalities or serious injuries (12 months rolling). An increase in working hours during 2022 reflects project site activities commencing in Brazil, Pakistan and South Africa. The lost time incident frequency rate (LTIF) was 0.7 per million working hours, based on three incidents that resulted in lost time. All the lost time incidents were investigated, and preventive actions have been implemented and communicated. We had strong performance and delivered well within all health and safety targets during 2022.

The percentage of female employees in management positions globally was 29% at the end of 2022. Even though we did not reach the target of 32%, solid progress was made during the year where new hires represented 37% female candidates and internal promotions 43% female employees. Gender diversity, along with equity, inclusion and belonging initiatives, will remain key focus areas for 2023.

Governance

Throughout 2022, Scatec continued to collaborate with key stakeholders to address the alleged forced labour issues in the solar PV production industry in Xinjiang, China. Key initiatives included traceability audits, collaboration with peers and specialist consultants, updates of governing documents and exploration of alternative sourcing of polysilicon. We, together with our suppliers, believe that traceability will remain an ongoing topic and as such will monitor and follow up on a project specific level even after deliveries have concluded. We updated our Supplier Qualification procedure to include traceability mapping of all key suppliers based on the supplier's bills of material. Scatec engages regularly on the matter with investors and other key stakeholders through weekly updates on progress and key initiatives. All potential and contracted suppliers of key procurement categories were screened on E&S criteria through EcoVadis, our supplier management platform, in 2022.

The total number of grievances received from projects in operation and under site construction amounted to 151.

Given the increased activity level of construction in three countries in 2022, this increase compared to earlier years was expected. Grievances received during the construction phase generally relate to disputes between our sub-contractors and their workers, as well as the impact of construction activities. Of the total grievances registered, 87% were resolved.

Scatec received eight whistleblower reports during 2022 with zero confirmed incidents of corruption. The reports alleged breaches of various issues including conflict of interest, discrimination, misconduct in the workplace environment, and alleged fraud and corruption. Enquiries were investigated regarding all allegations. The Company continues to raise awareness regarding the Code of Conduct and its zero-tolerance policy for corruption through training, targeted workshops, and communication. We provide mandatory anti-corruption and code of conduct training and in 2022, 100% of all employees within scope had completed the training.

ESG results 2022



Science-based Target Initiative (SBTi):

Net zero target approved

Among fewer than 2,250 companies with climate targets approved by the SBTi (as of January 2023) – read more in our [Net Zero strategy](#)

Position Green

ESG 100
ESG reporting:

A rating

Top rating among the 100 largest companies listed on the Oslo Stock Exchange



Climate reporting
and transparency:

A List

Top score
Carbon Disclosure Project

ecovadis

Sustainability rating:

Platinum

Among the top 1% of companies rated



ESG rating:

AA

High ranking relative to industry peers of resilience to long-term ESG risks



Corporate ESG
Performance:

B+ rating

Status:
Prime (threshold: C+)



ESG risk rating:

Low risk

Top score in Utilities industry group

EU Taxonomy

As a leading renewable energy provider, Scatec is dedicated to accelerating access to reliable and affordable clean energy in emerging markets. All our economic activities are Taxonomy eligible as they have the potential to contribute to the environmental objective of climate change mitigation. Scatec and our third parties carried out multiple assessments over the last few years to confirm alignment of our economic activities with the Taxonomy criteria and identify potential gaps.

The main actions taken to assess and ensure alignment of our economic activities, included the following:

1. Scatec's solar and wind projects were assessed against the substantial contribution criteria and found aligned. Following Scatec's acquisition of SN Power, a major hydropower player in 2021, Taxonomy alignment was assessed for these economic activities. In 2021, an internal assessment was conducted followed by a detailed assessment per project by an independent third party. As hydropower has requirements for greenhouse gas (GHG) emissions under 100 gCO₂e/kWh, independent GHG assessments were made for all Scatec's hydropower investments. The results reflected that all hydropower projects were well below the 100 gCO₂e/kWh threshold. Our business segment, Release¹⁾, includes the same solar technology as the solar photovoltaic (PV) technology reported above, and is covered by the same substantial contribution criteria. Release projects are portable energy equipment leased on site to customers. As such, the economic activity is part of an onsite installation, maintenance and repair of renewable energy technologies, which is an enabling activity in the Taxonomy.
2. Our solar and wind projects were assessed against the Do no significant harm (DNSH) criteria and it was identified that detailed climate risk assessments were lacking per project. Therefore, in 2022, an internal climate risk and risk mitigation assessment was performed for each solar and wind project site. Assessments of the DNSH criteria found the existing hydropower project sites aligned based on available documentation, such as environmental and social impact assessments (ESIAs). Site specific climate risk assessments were initially lacking. In 2022, an independent third-party conducted detailed climate risk assessments for our hydropower

investments, of which all work was completed by year end. To ensure that our Release activities do not lead to lock in of assets that undermine the long-term environmental goals, Scatec has reviewed the intended use of Release assets in our customer portfolio. Our Release projects are not intended to be used to directly enable fossil fuel production or other activities directly harmful to the environmental goals.

3. We assessed our solar, wind and hydropower activities according to the Minimum social safeguards in the Taxonomy. Our human rights policy is aligned with the United Nations (UN) Guiding Principles on Business and Human Rights to prevent, address, and remedy human rights abuses committed in business operations. Our Code of Conduct prohibits corruption, and we implement internal controls to prevent, detect and remedy improper conduct through our [Anti-Corruption Compliance Programme](#).

In 2022, we worked to integrate Taxonomy criteria for all new hydropower projects. We are working on further developing key performance indicators linked to the Taxonomy in 2023.

In 2023, we will complete substantial contribution and DNSH assessments for our green hydrogen facility, currently under development.

Scatec's 2022 reporting is presented on the next page, aligned to our best interpretation of the EU Taxonomy criteria and guidelines. Revenue, opex and capex are reported based on our International Financial Reporting Standards (IFRS) consolidated figures. Refer to our EU Taxonomy Report 2022 on our [corporate website](#).

1) Release, owned and managed by Scatec, is a flexible leasing agreement of pre-assembled solar PV and battery equipment to deliver a low cost, clean, and reliable power solution.

What is the EU Taxonomy?

To meet the European Union's (EU) climate and energy targets for 2030 and reach the objectives of the European green deal, it is vital that investments are directed towards sustainable projects and activities. The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific eligible economic activities.

The Taxonomy is a transparency tool that requires companies to disclose to what extent the economic activities that they carry out meet the criteria set out in the Taxonomy, namely the proportion of revenue, capex and opex aligned with the Taxonomy.

Taxonomy alignment criteria for economic activities

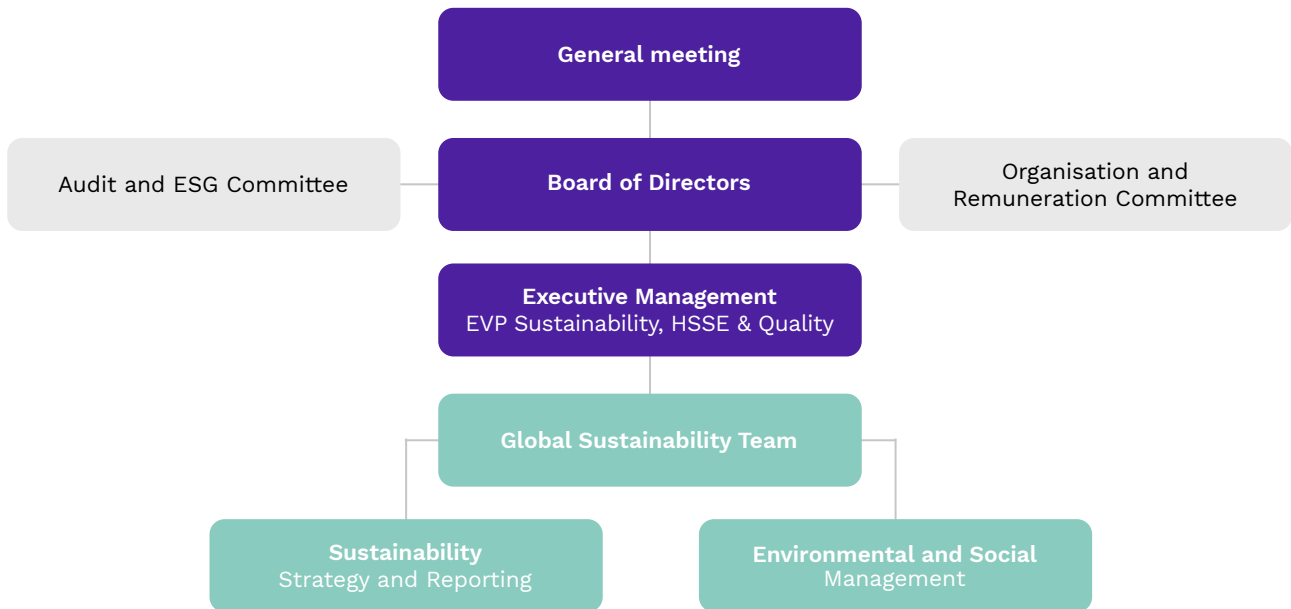
1. Substantial contribution to one or more environmental objective
2. Do no significant harm (DNSH) to any other environmental objective
3. Comply with the minimum social safeguards
4. Comply with the technical screening criteria¹⁾

1) The EU Taxonomy technical screening (4.) comprises substantial contribution (1.) and DNSH (2.)

	REVENUE		CAPEX		OPEX	
	NOK MILL	PERCENTAGE	NOK MILL	PERCENTAGE	NOK MILL	PERCENTAGE
Eligible	3,002	100%	1,941	98%	483	100%
Aligned	3,002	100%	1,769	91%	417	86%
Expect to be aligned	-	-	172	9%	66	14%
Non eligible	-	-	44	2%	-	-

- 100% of Scatec's revenue is derived from eligible activities that are aligned to the Taxonomy.
- Capex is 98% associated with Taxonomy eligible activities. Non-eligible capex is related to office leases, purchase of office fixtures and equipment as well as capitalisation on internal projects.
- Of the eligible capex, 91% relates to aligned activities while 9% is associated with capital expenditure related to new technologies and projects, such as our green hydrogen facility (not yet assessed), that are expected to generate Taxonomy aligned revenue when reaching production.
- The operating expenses included per the definition of the Taxonomy is 100% related to activities that are Taxonomy aligned, or associated with development of technologies and projects that are expected to generate Taxonomy aligned revenue.

Sustainability strategy and reporting



Governance and risk management approach

Sustainability is an integral part of our organisation and is embedded in all business units. 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 (EVP) Sustainability, HSSE & Quality, who is part of the Executive Management team (EMT) reporting directly to the Board of Directors (Board). Scatec's ESG Committee guides our work and commitment towards ESG matters quarterly and ensures regular review of relevant ESG topics. In 2022, three ESG Committee members were certified to the 'ESG for Boards' course developed by FutureBoards AS and DNV AS, further strengthening sustainability competence and leadership in the Board.

Sustainability topics including health, safety and security, anti-corruption, responsible procurement, environmental and social

impacts, and stakeholder engagement are reviewed by the EMT and the Board on a biweekly and a monthly basis. The development of annual ESG key performance indicators as well as tracking and communication of progress towards targets, is reviewed quarterly by the ESG Committee. Sustainability key performance indicators (KPIs) and targets are linked to Scatec's CEO and EMT remuneration, including climate change performance and initiatives, gender diversity and the recruitment of female managers, as well as human rights reporting as per the Transparency Act. Refer to our Remuneration Report 2022 for a summary of our CEO's targets and performance review for 2022, available on our [corporate website](#).

For all our projects, environmental and social risks are identified, reported and actively managed with clear decision gates and requirements through all project phases. A detailed corporate ESG risk matrix was developed in 2022 to ensure that relevant



risks and their respective status is raised monthly to the EMT and quarterly to the Board.

Scatec's sustainability team collaborates closely with our regional teams and business units to review and address relevant sustainability matters quarterly. Our sustainability policy commitments are integrated into our organisational strategies, operational policies and procedures through continuous collaboration with all business units on shared projects and initiatives. The key principles and management approach governing the way we operate and address each material ESG topic, is included in our [online report](#) linked in each chapter of this report.

Compliance

Scatec is committed to operating 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. Further information on our corporate governance, compliance and risk management can be found in the [Annual Report](#), [Corporate Governance Report](#) and on our [corporate website](#).



ESG priorities

Renewables must be deployed with respect for nature, social inclusion and in close cooperation with broader society. The impact of renewable power plants on biodiversity and local communities needs to be understood and minimised and economic development and job creation is essential for renewable deployment to gain support.

Material topics in our value chain

The most material ESG topics along our value chain are listed below. Material topics are identified and prioritised based on the principle of double materiality, ensuring that both the impact on the business and the impact of the business are considered. Further, stakeholder expectations and internal strategic priorities inform our analysis. Each topic is defined by a policy, an evaluation of performance and results in 2022, as well as a set of targets to measure and to guide our work for 2023 and onwards.

Stakeholder engagement

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, as well as local communities.

Stakeholder expectations are mapped through formal interviews, and in dialogue with our local stakeholders as part of our daily operations on the ground. We also receive stakeholder feedback at the corporate level through dialogues with investors, regulators and financiers. Internal engagements comprise workshops with colleagues from various business units, including health, safety and security (HSSE), compliance, supply chain, people and organisation (P&O), operations and maintenance (O&M), environmental and social (E&S), among others. Further, discussions are facilitated with the Executive Management team and Board of Directors via the ESG Committee. We assess identified topics for the significance of their environmental, social and economic impacts.

In 2021, we reviewed our materiality assessment to incorporate new technologies, including hydropower and wind, focusing on both impacts and risks, which was revised in 2022. In 2023, we will develop our materiality approach to align with the double materiality principle in the upcoming Corporate Sustainability Reporting Directive (CSRD).

MATERIAL TOPICS

E	 Climate change
	 Resource use and circularity
	 Biodiversity
	 Water management
S	 Health, safety and security
	 Human rights
	 Responsible supply chain
	 Diversity, equity, inclusion and belonging (DEIB)
	 Local value creation
G	 Ethics and compliance



Material ESG topics

Environmental impacts, risks and opportunities





Climate change

Scatec contributes to the global transition to a low carbon society through its renewable energy generation. The new technology and installations necessary for this transformation also causes climate impacts through production and operation of components as well as land use changes from solar, wind and hydro projects. We aim to limit the climate impacts in our value chain.

Key risks:

- Climate impacts on countries where we operate
- Increasing climate regulation
- Value chain emissions and land use change emissions in our projects

Key opportunities:

- Increased renewable electricity demand and societal electrification
- Policies promoting renewable energy
- Industry collaboration and innovation



Governing documents
Additional information

Climate risk and opportunities

- Managing climate change impacts is an integrated part of Scatec's overall business strategy. All risks to Scatec are subject to an annual full risk review and climate-related risks are assessed by the Board of Directors as part of the annual review of the Decision Gate (DG) framework and Operating System (OS) processes and procedures.
- The highest-level of responsibility sits with the Board. The ESG Committee, which includes Board members and the Chairman, regularly review sustainability matters and climate change.
- The CEO and the EVP Sustainability, HSSE & Quality are responsible for assessing and managing climate-related risks and opportunities.

Emissions intensity in our climate risk management in 2022:

- As a result of EU Taxonomy guidelines, Scatec introduced an emissions intensity limit of less than **100g CO₂e/kWh** for new projects and aim to only develop projects with emissions below **50g CO₂e/kWh**.
- Scatec developed a tool for estimating lifetime environmental and climate impacts in the planning of potential projects, based on procurement data for materials and components as well as habitat data.
- The tool includes an emissions intensity estimate in gCO₂e/kWh and the emissions payback time in years.

- In 2022, we improved our climate risk management, creating a tool for climate risk mapping at the project level to better understand the overall risk exposure and identify and share mitigation measures across the company.
- A third party conducted physical climate risk assessments for all our hydropower assets and the findings provided insights and valuable learnings about individual project sites. The sites identified with high risk were all found to have existing mitigating measures in place.
- In 2023, we will integrate EU Taxonomy criteria for all new hydropower projects.
- We will continue to seek knowledge about climate impacts, risks and opportunities, and further implement such considerations into our management system in 2023.

Climate impacts on our projects

Scatec operates projects with an estimated useful life of 30-40 years, requiring us to take a long term risk approach.

Examples of extreme weather events impacting our projects in 2022:

- **Mozambique** - a tropical cyclone with extreme rainfall led to widespread flooding in the project area affecting access to the site
- **Pakistan** - our project site was one of several locations impacted by the recent floods that saw a humanitarian catastrophe unfolding across the country

Net zero targets

Scatec takes a science-based approach to climate change. During 2022, we set targets following the Science-Based Targets initiative's (SBTi) Net Zero framework, which were approved by the SBTi in January 2023.

- The SBTi defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.
- Scatec's targets approval passed the thorough validation process that confirmed our targets are in line with the latest climate science from the Intergovernmental Panel on Climate Change (IPCC) to limit warming to 1.5°C.
- Our targets are to minimise direct emissions by 2030 and achieve net zero emissions across our value chain by 2040.

Near-Term Targets Reductions by 2030 from 2019



- Scatec commits to reduce absolute scope 1 GHG emissions by 95%
- Scatec commits to increase annual sourcing of renewable electricity to 100% by 2030 (scope 2)
- Scatec commits to reduce scope 3 GHG emissions 55% per kWh

Long-Term Targets Reductions by 2040 from 2019

- Scatec commits to achieve at least 99% absolute scope 1 and 2 GHG emissions reductions from 2030 through 2040
- Scatec commits to reduce scope 3 GHG emissions 97% per kWh by 2040

Performance against 2022 targets

The table below presents the key indicators for our climate performance against targets. These will be developed further in 2023, in line with Scatec's climate strategy and our SBTi approved net zero target.

KEY PERFORMANCE INDICATORS	UNIT	ACTUAL 2022	ACTUAL 2021	ACTUAL 2020	TARGET 2030
GHG emissions (Scope 1 and 2) ¹⁾	tonnes CO2e	3,930	8,745	7,117	-97%
GHG emissions (Scope 3) ²⁾	tonnes CO2e	1,468,943	28,951	175,867	
GHG emissions intensity (Scope 3) ³⁾	tonnes CO2e/GWh	410	8	62	-55%
Deploy electric vehicles (EVs) on sites	sites w/EVs	0	0	0	100%
Annual energy production ⁴⁾	GWh	3,898	3,823	1,602	
Renewable electricity consumption (I-RECs)	% RE use	83	16	34	100%

1) Scope 2 is reported following the market-based approach based on I-RECs.

2) We report on all relevant and material scope 3 categories. Refer to our [corporate website](#) for our detailed climate accounting.

3) Scatec is continuously improving the value chain GHG emissions collection and management. These results are subject to future updates.

4) Energy production is reported for all projects on a proportionate basis.



In 2022, Scatec’s total emissions amounted to nearly 1.5 mill tonnes CO2e (market-based).

- Combined, emissions in scope 1 and 2 decreased by 55% from 2021 to 2022 due to the sourcing of an increased share of renewable energy through use of own electricity produced on sites and purchase of I-RECs for electricity consumed from the grid.
- In 2022, we achieved 83% renewable electricity consumption, exceeding our 2022 target of 65%.
- Scope 1 and 2 emissions reduced by 55%, compared to our base year emissions in 2019.

The climate emissions associated with our value chain (scope 3) increased considerably in 2022.

- Scatec had three new solar projects in South Africa, Brazil and Pakistan and one Release project in Cameroon under construction during the year, which led to increased emissions due to the purchasing of components.
- The emissions intensity for produced energy also increased due to the increased activity, from 8 tonnes CO2e/GWh in 2021 to 410 tonnes CO2e/GWh in 2022.

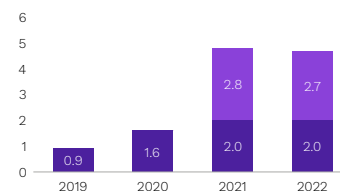
Refer to our [corporate website](#) for more information on our climate accounting.

Key initiatives and highlights in 2022

- In 2022, the GHG emissions avoided from the power plants where we have operational control reached 2.0 mill tonnes.
- Scatec also contributes to avoiding emissions through all projects where we have an ownership stake. This resulted in total emissions avoided of 4.7 mill tonnes of CO₂e.
- Scatec was recognised for its leadership in corporate transparency and performance on climate change, by global environmental non-profit CDP, securing a place on its annual 'A List'.

Avoided emissions

(TONNES OF CO₂E)



Key learnings from 2022

- Advancing our efforts on value chain (scope 3) reporting provided valuable insight into the complexity of the topic. It is challenging to collect high quality data, and to estimate indirect emissions from component production, transport and waste due to complex supply chains.
- As our main emission sources are in our value chain, we have limited possibility to implement climate targets and transition plans. Reducing climate emissions takes time as we are dependent on our suppliers' own efforts to reduce emissions. To address this issue, we will increase our engagement with key suppliers to share our own strategy, improve data quality and encourage them to set ambitious climate targets.
- Scatec will also collaborate through industry initiatives to push for more transparency and improvement of emissions accounting, procurement requirements and other solutions to favour products that have lower emission through its lifecycle.





Resource use and circularity

Renewable power plants require large amounts of resources to be built. With power purchase agreements (PPAs) lasting up to 25 years, plants must be designed and operated with consideration to long-term performance and eventual decommissioning.

Key risks:

- End-of-life disposal of components and site restoration costs
- Waste management (landfill)
- Impacts of resource extraction

Key opportunities:

- Lifetime extension through repowering and revamping
- Resource efficiency and reduced O&M services
- Recycling of main components



Governing documents
Additional information

Scatec is committed to being a responsible business by considering our projects’ long-term performance and end-of-life decommissioning. We aim to minimise potential negative impacts on society and the environment, as well as maximise economic value. Most of our GHG footprint and resource use is related to the components our plants are built with, therefore we evaluate the impact and act to reduce this where possible.

Performance against 2022 targets

- Scatec reports on non-hazardous (such as paper, plastic and metal) and hazardous (such as oil contaminated materials, concrete and sewage) waste generated at our project sites.
- We aim to recycle all waste where possible, incinerate hazardous waste, and only landfill according to internationally recognised standards.
- Waste generated in our operations in 2022 amounted to 40.7 tonnes and 0.7 mill litres.

KEY PERFORMANCE INDICATORS	UNIT	ACTUAL 2022	ACTUAL 2021	ACTUAL 2020
Total waste generated				
Hazardous waste	tonnes	10.3	N/A	N/A
Hazardous waste	mill litres	0.7	N/A	N/A
Waste to landfill	tonnes	13.9	N/A	N/A
Recycled waste (solid)	tonnes	16.5	N/A	N/A

Key initiatives and highlights in 2022

During 2022, our dedicated cross-functional working group explored the status of solar module management in all relevant projects. Key outcomes were:

- Identified key failures of solar modules due to lightning, wind, accidents, or quality errors.
- Updated reporting on storage of damaged solar modules on project sites due to lack of local recycling facilities.
- Developed plans in line with our [Project Lifecycle Management & End of Life Guide](#) to ensure recycling of modules, where possible, in order to recover materials and reduce lifecycle impacts.
- Shared best practices on solar module repair across our projects.
- Identified new recycling solutions for solar panels and explored options to redeploy solutions in our key markets.
- Joined a consortium applying for EU solar module recycling research funding, Scatec is proposing to help develop an industry best practice guide for damaged solar module on-site testing, sorting, storage, and recycling.

Key learnings from 2022

- Our corporate strategy for lifecycle management of equipment, as well as each project's preliminary end-of life plan, should be regularly reviewed to incorporate new developments on recycling solutions.
 - A key challenge of recycling solar panels at end of life is cleanly separating materials and avoiding contamination, to ensure pure materials for recycling into new products. Current solar module design is optimised for a long product lifetime and minimal material usage with little consideration for recycling.
-

Targets and ambitions for 2023

- Pilot a solution for solar module management and recycling in two to three projects.
- Utilise the lifecycle tool (described in the [Climate change](#) chapter) for all new projects in development.





Biodiversity

The development and construction of utility-scale renewable energy plants may include environmental impacts such as the degradation of habitats, reduction of resource availability and transformation of habitats, which can affect biodiversity. Scatec works to implement mitigation measures to minimise impacts and restore biodiversity.

Key risks:

- Land use change and habitat loss
- Deforestation
- Endangered species impacts
- Indirect impacts from project construction and operations

Key opportunities:

- Habitat creation during operations
- Reporting and transparency
- Habitat restoration at end of life



Governing documents
Additional information

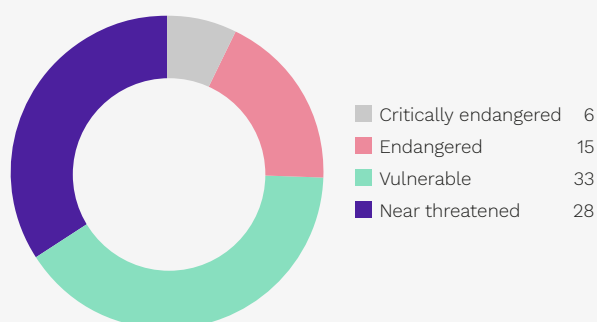
Scatec owns and operates a variety of renewable energy technologies that have different potential impacts on nature and biodiversity. Biodiversity considerations are part of Scatec’s environmental and social (E&S) due diligence and baseline studies to identify and mitigate negative impacts during project development. If project impacts cannot be mitigated, we create biodiversity offsets to compensate for major impacts on fauna and flora to ensure as little impact as possible to endangered species. These offsets can vary between moving individual plants or animals, and the rehabilitation of similar biodiverse areas. We will continue to focus our efforts not only on the mitigation of potential negative impacts, but on the restoration and creation of rich ecosystems.

Performance against 2022 targets

- Scatec maps protected area proximity during project development and assessed all operational projects’ proximity to protected areas within 10km. We report on the number of our project sites in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
 - One project site is within a protected area (certain projects have multiple sites).
 - Fourteen sites are within 10km of a protected area of which ten sites have an International Union for Conservation of Nature (IUCN) designation, four sites are part of the Emerald Network and two sites have a RAMSAR 1000 designation.
- Biodiversity assessment during project planning includes mapping species that occupy or are near to the site that will be developed. We report on Red List and national conservation list species identified in the E&S impact assessments (ESIA) and due diligences (ESDD).
- Scatec has investments in six hydropower plants, of which two are within protected wilderness areas and two are near protected areas. Refer to our [corporate website](#) for more details.
- Critically endangered species identified include:
 - Coccoloba cholutecensis (tree) in Honduras
 - White backed vulture in South Africa
 - European mink in Ukraine
- 1,048 IUCN Red List species of least concern with habitats in areas identified in ESIA and ESDDs²⁾.
- During the year, we developed tools for biodiversity screening to ensure that considerations are consistently included across all projects in the early stages of development.

2) Projects that share an ESIA or species assessment due to close geographical proximity are not included in the total to avoid double counting.

Sites Red List and national conservation list species are identified in the ESIA or ESDD



Key initiatives and highlights in 2022

- Our biodiversity requirements include a commitment not to develop projects in areas where a threat to critically endangered species cannot be mitigated and an aim to achieve no net loss in all projects.
- Scatec's collaboration with Enernite, solutions provider to early-phase screening of solar and wind power projects, provided practical insight to our development phase screening in contributing to a more strategic, agile and efficient approach.
- During the year, we registered 6,110 animals from 76 different species with the support of one veterinarian, ten biologists and 25 Fauna Rescue team assistants, at our Mendubim project site in Brazil. Refer to our [corporate website](#) for more information.

Key learnings from 2022

- An annual review of the biodiversity status for all projects is required to ensure that new research and real-time developments are captured.
- The integration of EU Taxonomy biodiversity requirements into the planning phase of new hydropower projects will require closer collaboration between various internal business units.
- Further development of minimum standards for biodiversity to reduce potential project impacts remains a focus area due to the varying and unique circumstances of each project.



Targets for 2023

- Perform a nature risk assessment based on the Task Force on Nature-related Financial Disclosures (TNFD), and develop the first version of Scatec's roadmap to prioritise our nature agenda.
- Utilise the biodiversity screening tool³⁾ for all new projects.

3) Scatec developed a biodiversity screening tool to assess the potential impact of new projects being developed on nature and biodiversity during the construction and ultimately operations phase, should the project materialise.





Water management

Water is a scarce resource in many areas and therefore an important aspect of our environmental management. We optimise usage of water during operations and have a focus on limiting water use in areas with high water stress. We avoid impacting natural aquifers or developing near wetland areas where possible.

Key risks:

- Water availability in water scarce areas
- Climate change increasing precipitation variability
- Local perceived water impacts

Key opportunities:

- Technology enabling efficiency improvements
- Reporting and monitoring



Governing documents
Additional information

Scatec’s main use of water during the operations phase of our projects relates to module cleaning. 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 the cleaning methods utilised.

During the construction phase of a project, our contractors make use of water in various building processes. The production of solar modules requires large quantities of water. Scatec continues to engage with our main solar module suppliers on their sustainability and environmental practices and reporting.

Water conservation awareness, minimising water use for dust suppression by maintaining road conditions, and monthly monitoring to identify causes of abnormal volumes, are among the management considerations implemented at all projects. We avoid impacting natural aquifers or developing near wetland areas where possible. We build our projects as zero effluent facilities to ensure that untreated wastewater is not discharged to the local environment.

Performance against 2022 targets

- Total water usage for 2022 reached 26.8 million litres. The water usage within water-stressed areas, in South Africa and Jordan, reached 11.3 million litres. The source of water in Jordan and South Africa is ground water.
- Climate risk assessments were carried out for our hydropower investments to better understand potential changes to water availability and extreme rainfall events.

**11.3 mill
litres** 

total water
withdrawn in water-
stressed areas

KEY PERFORMANCE INDICATORS	UNIT	ACTUAL 2022	ACTUAL 2021	ACTUAL 2020
Total water withdrawal	mill litres	26.8	N/A	N/A
Surface water	mill litres	0		
Ground water	mill litres	19.2		
Potable water	mill litres	6.2		
Rainwater	mill litres	0		
Wastewater	mill litres	1.4		
Total water withdrawal in water-stressed areas	mill litres	11.3	11	5.9
South Africa (ground water)	mill litres	4.3	2.3	0.3
Jordan (ground water)	mill litres	7.0	8.6	5.6



Key initiatives and highlights in 2022

- During the year, we worked to improve the monitoring and reporting of water withdrawal during operations by better utilising existing platforms and implementing new digital tools.
- We implemented rainwater harvesting on several of our projects linked to our operations and maintenance (O&M) buildings, contributing to our efforts to conserve water by reducing our ground water withdrawal.

Key learnings from 2022

- Water use varies greatly between our projects due to differences in plant design, regulatory requirements and soiling that dictates the frequency of cleaning required. This limits how much we can reduce water consumption, but we strive to optimise usage across our projects.

Targets for 2023

- Inclusion of water management as topic in our five workshops with suppliers of key procurement categories on ESG matters.
- Perform a nature risk assessment based on the Task Force on Nature-related Financial Disclosures (TNFD), and develop the first version of Scatec's roadmap to prioritise our nature agenda.



Material ESG topics

Social and safety impacts





Health, safety and security

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:

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

Key opportunities:

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



Governing documents
Additional information

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 per the [International Labour Organisation \(ILO\)](#) and the [Universal Declaration of Human Rights](#).

Scatec is 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 as well as annual management reviews.

Performance against 2022 targets

KEY PERFORMANCE INDICATORS	UNIT	TARGET 2022	ACTUAL 2022	ACTUAL 2021	ACTUAL 2020
Fatalities					
Fatalities	number	0	0	0	0
Lost Time Incident Frequency ¹⁾	number	≤ 2.1	0.7	1.9	0.6
Total Recordable Injury Frequency ²⁾	number	≤ 3.2	1.6	3.0	1.1
High potential incidents	number	≤ 1.4	0.7	1.2	1.5
Sick leave ³⁾	%	≤ 2.0	0.8	0.9	1.0
Working hours incl. subcontractors	number	-	4,517,720	2,586,755	3,694,531

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

1) Lost Time Incident Frequency (LTIF) is defined as the number of lost time injuries occurring per one million hours worked.

2) Total Recordable Injury Frequency (TRIF) is defined as the number of medical treatments, restricted work incidents, lost time injuries, fatalities, serious property damage and significant environmental incidents per one million hours worked.

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

- The year was characterised by increased construction activity in three projects in South Africa, Brazil and Pakistan, in addition to our operating assets in 15 countries.
- In 2022, Scatec delivered well within all targets across our performance indicators namely the number of fatalities, high potential incidents, LTIF and TRIF.
- The sickness leave rate remained moderate at 1%, broadly in line with previous years.

Key initiatives and highlights in 2022

- Scatec implemented a country risk-assessment process, ensuring that all future projects are equipped to manage inherent business environment risks.
- The Scatec Heroes campaign was launched in 2022 to further strengthen our HSSE culture across projects.
- Scatec has leading indicators on reporting across different business units such as reporting on incidents and improvement ideas, audit closing and management inspections.
- Scatec is certified to ISO 9001, 45001 and 14001. DNV executes annual intermittent monitoring audits and recertification every three years to confirm the company’s alignment to industry best practice.

0.7 high potential incidents



100%



employees and contractors covered by our Occupational Health and Safety Management System in 2022



Key learnings from 2022

- **Traffic and electrical safety**
 - Traffic safety remains one of the most serious risks we face.
 - We reported three high potential incidents related to traffic accidents, electrical safety and confined spaces in South Africa and the Czech Republic during 2022.
 - The incidents were fully investigated in line with our corporate policy and changes were implemented in our HSSE management system to mitigate the occurrence of similar incidents in future.
- **Emergency response in Ukraine**
 - The objectives of Scatec's Ukraine emergency response are to ensure the safety of all our employees, maintain operations when it is considered safe to do so and safeguard our assets.
 - Scatec has organised emergency response resources at three levels – headquarters in Norway, Ukraine Country Management and at each operational project site – to contain and control events and prevent or limit undesired consequences.
 - The situation remains challenging and highly uncertain, and Scatec's top priority is the safety of our Ukrainian employees.



1 high potential incident related to traffic accidents

Targets and ambitions for 2023

- Our main goal for 2023 is to have zero fatalities and serious injuries and reach our remaining HSSE targets set out in the table below.
- Review our corporate HSSE operating system against ISO requirements with a key focus on operations and maintenance (O&M) documentation in 2023.
- Further develop Scatec's strategies and standard requirements on process safety in different phases of green hydrogen and storage solution projects.

KEY PERFORMANCE INDICATORS	UNIT	PROJECTS WITH OPERATIONAL CONTROL
		TARGET 2023
Fatalities	number	0
Lost Time Incident Frequency ¹⁾	number	≤ 2.1
Total Recordable Injury Frequency ²⁾	number	≤ 3.2
High potential incidents	number	≤ 1.4
Sick leave ³⁾	%	≤ 2.0
Working hours incl. subcontractors	number	-

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

1) Lost Time Incident Frequency (LTIF) is defined as the number of lost time injuries occurring per one million hours worked.

2) Total Recordable Injury Frequency (TRIF) is defined as the number of medical treatments, restricted work incidents, lost time injuries, fatalities, serious property damage and significant environmental incidents per one million hours worked.

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





Human rights

Renewable energy projects may trigger environmental and social impacts. We endeavour to minimise our negative impacts, maximise local benefits and ensure constructive dialogue with all project stakeholders. In all our work, we pay special attention to the human rights we are at risk of impacting and to the most vulnerable groups.

Key risks:

- Labour and working conditions in direct Scatec activities and our supply chain
- Land access and economic and/or physical displacement
- Use of security forces

Key opportunities:

- Further improving processes by streamlining risk identification and management
- Transparency and reporting
- Capacity building and training
- Sustain social license to operate




Governing documents
Additional information

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 (UN) [Guiding Principles on Business and Human Rights](#) to prevent, address, and remedy human rights abuses committed in business operations.

Human rights due diligence in Scatec comprises the assessments of our projects' impacts on directly and indirectly affected local communities, vulnerable groups and the local workforce, in addition to the identification of mitigation approaches to be executed in full respect of human rights. Refer to our [corporate website](#) for more information. Scatec has a systematic approach to due diligence of human rights risks in our supply chain that includes a continuous review of traceability of our key suppliers' supply chains. Refer to the [Responsible Supply Chain](#) chapter for more information.

Performance against 2022 targets

- In 2022, we reviewed our human rights policy to ensure inclusion of commitments to remedy any adverse impacts on individuals, workers or communities and to respect indigenous peoples' rights.
- We engaged a third party to complete a gap analysis of our alignment to the Transparency Act. During the year, we worked to close the gaps towards best practice and compliance. Refer to the box on the next page for more details.
- Our human rights training for security personnel continued in 2022 and was conducted at all sites where new security service providers were appointed during the year. In addition, tailored training was provided to exposed groups to include community workers, such as Community Liaison Officers (CLOs) and social staff.
- During the year, we continued our work to avoid breaches in all risk areas, specifically focusing on monitoring our contractors to ensure that compliant labour practices are established and maintained - including recruitment, the provision of welfare services and efficient grievance mechanisms.

100% 
new operations with environmental and social assessments, including human rights criteria

Key initiatives and highlights in 2022

- We rolled out our updated Environmental and Social Management System (ESMS) manual that outlines our systematic and documented risk identification process for all E&S risks, as well as the conditions that require a specific human rights due diligence assessment.
- We improved our internal open reporting system for health and safety management to more specifically report observations and incidents relating to labour and working conditions.
- In Pakistan, we developed a Gender Action Plan in partnership with UN Women to address the gender aspects of the project's construction and operations activities, including a training programme for Scatec and our contractors' employees to address gender-based violence and harassment (to be implemented in 2023).
- For our Mendubim project in Brazil, we aim to train 100% of the workforce on site in gender, diversity and inclusion-related topics during the construction phase. We will upskill women from nearby communities to be hired in the project's construction workforce.

The Norwegian Transparency Act

The Transparency Act, a Norwegian law that requires larger companies to report on the work they conduct to ensure compliance with fundamental human rights and decent working conditions, entered into force on July 1, 2022. During the first half of 2022, Scatec engaged a third party to conduct a gap analysis against the requirements of the Transparency Act and the OECD Guidelines for Multinational Enterprises.

Requirements in the Act:

- Undertake human rights due diligence aligned to the OECD guidelines
- Report externally on human rights
- Respond to requests for information from the public

Best practice implemented by Scatec:

- Human rights policy is aligned to international standards
- Impact and risk assessments are continuously implemented and managed in project development and supplier management processes
- Grievance mechanism in all projects in line with the IFC Performance Standards

Actions taken by Scatec to ensure alignment:

- Established an internal working group between various business units including Sustainability, Compliance and Supply Chain
- Further development of human rights risk assessments to ensure this is more specific and the management of risks are systematic across business units
- Revised and strengthened the Integrity Due Diligence (IDD) questionnaire for third parties to improve inclusion of human rights considerations

Read more and access relevant documentation on our [corporate website](#). Scatec will publish our Human Rights Due Diligence report 2022 in June 2023 as per the Transparency Act requirements.

Human
rights
policy



IDD
questionnaire



Key learnings from 2022

- Throughout 2022, Scatec continued to collaborate with key stakeholders to address the alleged forced labour issues in the solar PV production industry in Xinjiang, China. Refer to the [Responsible Supply Chain](#) chapter for related information.
- In Pakistan, we completed the physical resettlement process of 81 households, other structures and cultivated land in compliance with the IFC Performance Standards. In Brazil, we completed the resettlement actions for our Mendubim project, covering two households in 2022. Refer to our [corporate website](#) for more information.
- To ensure greater awareness of human rights impacts and our work in our own operations and throughout our value chain, we will convert our current corporate human rights training into a gamified e-learning in 2023.

Targets and ambitions for 2023



- Improve due diligence to best practice level as per the Transparency Act.
- Streamline human rights risk identification and management processes in collaboration with all relevant units.
- Facilitate human rights training to 100% of security guards in all projects.



Responsible supply chain

Sustaining a responsible supply chain and increasing our value chain focus is a key part of our sustainability efforts. We seek to understand, monitor and report on key ESG risks and performance in our supply chain and select and develop suppliers with strong sustainability practices.

Key risks:

- Human and labour rights
- Climate and emissions
- Corruption
- Traceability

Key opportunities:

- Industry peer collaborations
- Low-carbon solutions
- Value chain reporting
- Flexibility and resilience



Governing documents
Additional information

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

During the year, Scatec had projects under construction in South Africa, Cameroon, Pakistan and Brazil as well as projects in operation in 15 countries. The map below provides an overview of our current and future supplier base for our main procurement items.

Performance against 2022 targets

- We assessed 35 suppliers of key procurement categories through our ESG supplier management platform, EcoVadis and reviewed 173 corrective actions within the areas of Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.
- Following the third party gap analysis on our Transparency Act alignment, we worked to further streamline our human rights due diligence processes between the Supply Chain, Sustainability and Compliance business units. Refer to the [Human Rights chapter](#) and our [corporate website](#) for more information.
- We updated our Supplier Qualification procedure to include traceability mapping of all suppliers of key procurement categories based on the respective bills of material.
- As part of Scatec’s climate strategy, six climate-related workshops were held with suppliers of key procurement categories during 2022. Refer to the box on the next page.

100%

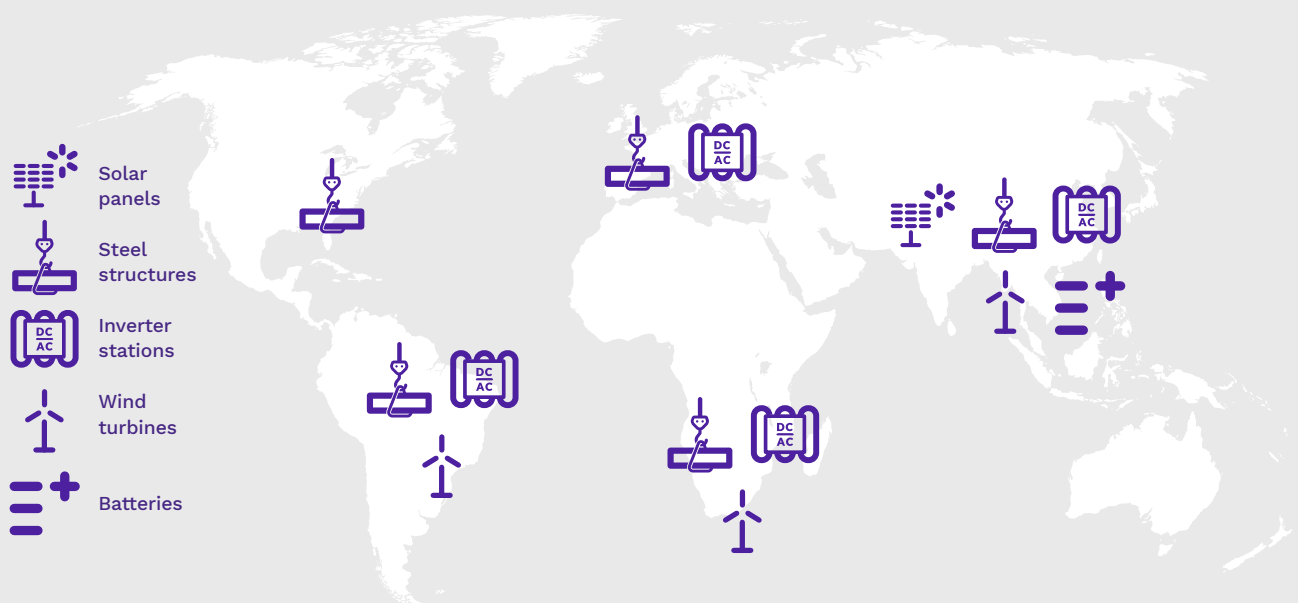


environmental and social screening of new suppliers in 2022

81%

spend on local suppliers in the operations phase in 2022

Current and future supplier bases



Engagement with suppliers



Climate and emissions focus

- Scope 1, 2 and 3 reporting
- Climate and net zero targets
- Emission reduction initiatives
- Renewable energy procurement
- Product carbon footprint and lifecycle analysis



Key initiatives and highlights in 2022

- We held training sessions for all supply chain members on anti-corruption, compliance and supplier ESG screening.
- We engaged in several industry and peer collaboration forums including Solar Power Europe, Ultra Low-Carbon Solar Alliance and Sustainability Hub Norway.

Key learnings from 2022

- Traceability continues to be a high priority for us and our suppliers across all procurement categories and will be followed-up and monitored on a project specific level even after deliveries have concluded.
- Throughout 2022, Scatec continued to collaborate with key stakeholders to address the alleged forced labour issues in the solar PV production industry in Xinjiang, China. See more details in the box on next page.



**A-score
(leadership)**

for supplier engagement on climate change, based on our CDP disclosure

Human and labour rights in Xinjiang, China

Main mitigating activities: Scatec is taking the following key steps to ensure that our supply partners follow our integrity standards and are not sourcing components from Xinjiang.

- Scatec requires all suppliers to be vetted through the Supplier Qualification Procedure that requires a traceability map of all sub-suppliers and sub-components which can be screened through the Integrity Due Diligence process where suppliers in high-risk areas can be identified.
- As part of the supplier qualification process, a desktop traceability audit is conducted on all shortlisted suppliers to determine their readiness to comply with their supply chain map through the segregation processes in their factories.
- Our contracts were updated to include specific topics related to the Xinjiang forced labour issue as well as detailed traceability audit processes defined for the delivery of goods.
- Once a contract is signed with a supplier, incorporating the required actions from the initial desktop audit, a second phase audit is conducted on site to verify the performance of the supplier against their supply chain map, ensuring goods destined for our projects are not associated with alleged regions of concern.
- 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 supply chains to ensure compliance.
- Our internal working group held regular meetings and implemented several key initiatives with peers and specialist consultants to further address the issue.



[Read more
on our corporate
website](#)

Targets and ambitions for 2023

- Explore using low emission solar modules and steel structures in the planning phase for one new project.
- Minimum five workshops with suppliers of key procurement categories on ESG matters.
- Align our supplier management and due diligence processes with our Sustainability, Legal and Compliance business units in line with the guidelines of the Transparency Act.
- Integrate EcoVadis environmental and social (E&S) screening as a key requirement in the bid process for all supplier of key procurement categories.



Diversity, equity, inclusion and belonging

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
- Work-life balance
- Unconscious bias

Key opportunities:

- Diverse workforce
- Human capital and leadership development



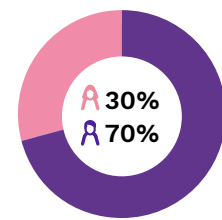
Governing documents
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Building a culture that nurtures diversity in all aspects is key to delivering our goals and maintaining a flexible and agile working environment. Scatec embraces Diversity, Equity, Inclusion and Belonging (DEIB) holistically in our practices, policies and procedures as well as in development programmes and initiatives.

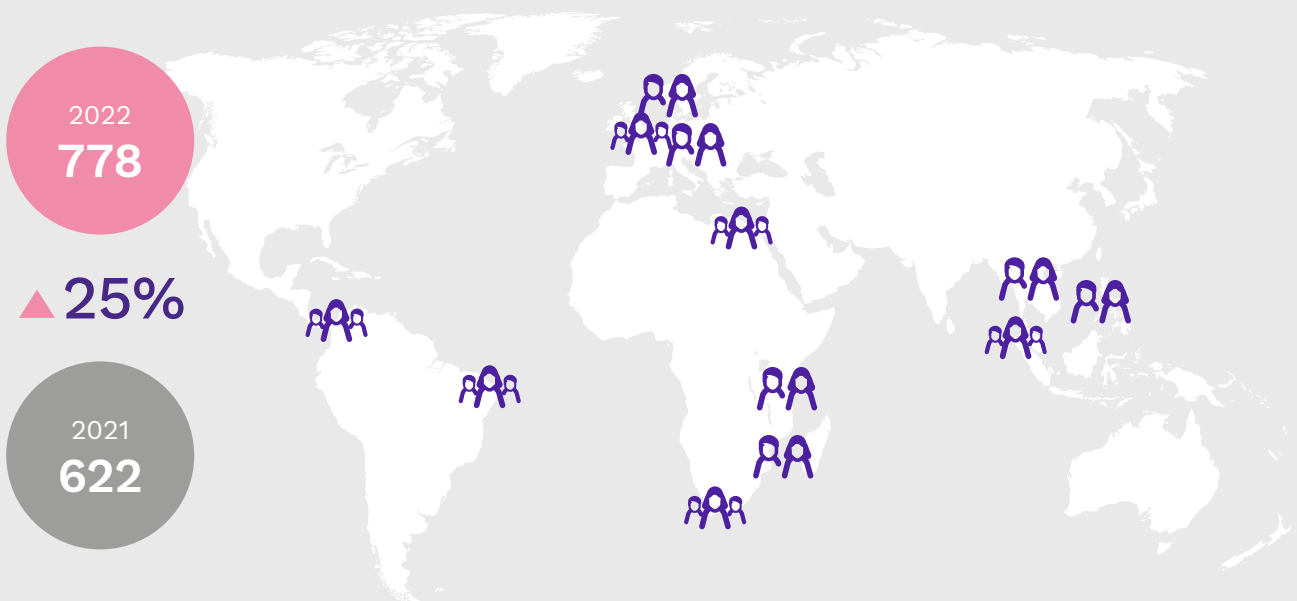
Performance against 2022 targets

- Scatec had 778 full-time employees at the end of 2022, an increase of 25% since 2021. In addition, we had 146 short-term employees and 61 consultants, giving a total workforce of 985 people.
- We hired 206 permanent employees, of which 35% of new hires were female. Refer to our [corporate website](#) for additional employee data.
- Scatec’s voluntary turnover rate was 7.4% for 2022, slightly lower than 8.4% in 2021. Given that the turnover of female employees is higher than that of men, Scatec will continue to monitor this closely and work systematically with all factors that drive motivation, engagement and belonging.
- In 2022, female employees in management positions reached 29%. Even though Scatec did not reach the target of 32%, solid progress was made during 2022 where new hires on management level represented 37% female candidates and internal promotions 43% female employees.
- Scatec implemented unconscious bias training for our leaders as part of our overall initiatives to our advance our DEIB culture.

Gender balance



Geographic employee distribution





Key initiatives and highlights in 2022

- Running an extensive Employer Value Proposition survey to ensure that the company can attract and retain the best diverse talent.
- Including bias training into recruitment processes for all hiring managers.
- Running a Graduate Program in South Africa for the third time with 90% participants from previously disadvantaged designated groups across the country.
- Establishing a gender taskforce and making gender equality a key theme within the leadership conference in April 2022 as well as in other channels throughout the year.
- The number of different nationalities reached 50 in 2022, and the average age of employees is 38, reflecting a dynamic and diverse workforce.
- We launched three employee engagement surveys with a focus on our working environment, company values and leadership values, diversity, well-being, and empowerment. Key results included:
 - 83% of employees experience a good atmosphere at work
 - 87% of employees say they have the courage to speak up when there are topics or tasks they don't understand
- Aligned to Scatec's [sharpened corporate strategy](#), we conducted a detailed review of our organisational structure to ensure that we are best positioned for the future.
- Scatec's 2022 [Statement on Equality and Non-discrimination](#), including key gender pay statistics for our headquarters, is available on our [corporate website](#).

50 
nationalities
in 2022

38 
average age
of employees

Diversity, equity, inclusion and belonging (DEIB) programme

In 2022, Scatec launched a companywide DEIB training programme, focused on gender and other forms of diversity. DEIB learning programmes include:

- Mandatory DEIB training for 122 managers
- Short learning videos by the Executive Management and other key employees
- Increased DEIB content shared via internal communication channels



Read more
on our corporate
website

Key learnings from 2022

- We did not reach our target for female managers in 2022, however worked systematically by establishing a separate DEIB taskforce, closely aligning with hiring managers on onboarding and off-boarding processes, implemented global leaders calls, and had a special focus on internal promotions of female employees.
- Gender diversity will remain a key focus area in the coming years.

Targets and ambitions for 2023

Reflected in our [Statement on equality and non-discrimination](#) for 2022, are our targets for 2023:

- Reduce turnover among women to level of men. Refer to our [corporate website](#) for employee turnover data.
- Achieve female share of new hires (including internal promotions) at management level of 35%.



Local value creation

We develop, construct, own and operate renewable energy projects in emerging markets. By having an active presence for up to 25 years, a unique opportunity exists to positively impact our local neighbours within each phase of a project.

Key risks:

- Potential negative impacts from project construction
- Corruption
- Community unrest and unresolved grievances

Key opportunities:

- Increased access to clean energy in communities
- Local job creation and training
- Initiatives and programmes aligned to community needs



Governing documents
Additional information

Contributing to long-term local value creation is a key success criterion for achieving our overall company goal of delivering competitive and sustainable renewable energy. Scatec aims to positively impact the communities we operate in, both directly and indirectly. To maintain good relations, regular meetings are held with local leaders and representatives in the communities closest to our project sites. Our stakeholder engagement work is carried out in accordance with the IFC's Performance Standards and the Equator Principles.

In 2022, we had several projects under development and three projects in the construction phase, both phases requiring strong local presence and community engagement efforts. Refer to our corporate website for more details on how we work with [stakeholder engagement](#) and [local value creation](#).

Performance against 2022 targets

Stakeholder engagement

- We developed stakeholder engagement plans and ensured early presence of local stakeholder teams on the ground for all relevant projects in 2022.
- We developed and piloted a stakeholder mapping tool in our Mendubim project in Brazil and aim to standardise this across all new projects.
- Despite the sad reality of war in Ukraine, we conducted townhall meetings in our local communities to ensure continued open dialogue, understanding of needs and cooperation on current initiatives and programmes.

Local job creation

- During 2022, Scatec created 2,033 direct jobs from projects under construction in Brazil, Pakistan and South Africa with approx. 1,065 local and largely unskilled workers.
- Each project site has a Plant Manager and several operations and maintenance (O&M) personnel.
- One of our 2022 targets was to appoint a Community Liaison Officer (CLO) in each project⁴⁾. This continues to be a central part of our local hiring and stakeholder management approach, and we are proud to have reached this target.

Bi-weekly progress reports

to Executive Management on material matters raised by communities

2,033 

direct jobs created during the construction phase of three projects in 2022

PERMANENT POSITIONS

KEY PERFORMANCE INDICATORS	UNIT	ACTUAL 2022	ACTUAL 2021	ACTUAL 2020
Plant managers based on site	number	27	22	19
Operations and Maintenance operators based on site	number	77	74	66
Community Liaison Officers (CLO)	number	24	21	20

4) Where project sites are physically adjacent and the local communities surrounding these projects are identical, a CLO may be shared in a project portfolio.

Grievances

- In 2022, the total number of grievances received from projects in operation and under site construction amounted to 151, of which 87% were resolved.
- Given the increased activity level of construction in Pakistan, South Africa and Brazil countries in 2022, the increase in grievances received compared to earlier years was expected.
- Grievances received during the construction phase generally relate to disputes between our sub-contractors and their workers, as well as the impact of construction activities – also corresponding to the nature of the open grievances in Pakistan for 2022.
- Refer to our [corporate website](#) for more information on our grievance mechanism and process.

87%
grievances resolved

GRIEVANCES

KEY PERFORMANCE INDICATORS	UNIT	ACTUAL 2022	ACTUAL 2021	ACTUAL 2020
Grievances received	number	151	28	79
Grievances addressed and resolved	number	131	22	65

Community investments ⁵⁾

- Scatec plans and implements local development programmes in line with our [Community Investment Procedure](#) in the communities where we have operations.
- In 2022, we reviewed and updated our community investment framework and procedure. Systems for monitoring and reporting were strengthened using new digital tools and automated reporting.
- We continue to prioritise long-term ⁶⁾ investments and ensure that all new local development programmes have a clear monitoring and evaluation (M&E) plan. Progress is disclosed against targets and impact metrics.

150+
local
development
programmes



70+
long-term
local development
programmes implemented
or continued in 2022

Key initiatives and highlights in 2022

- A full feature of our local development programmes globally is showcased on our [corporate website](#).

5) Community investments are our voluntary initiatives that contribute to the long-term common good of the local communities near our project sites and come in addition to efforts made to mitigate or compensate for project-related impacts. We are committed to contributing to the communities in a way that allows them to develop by themselves without becoming dependent on us.

6) Long-term investments build local capacity over time and support longer-term business objectives such as asset predictability, risk management, reputation, and sustainability. While the extent of a long-term project will necessarily differ from location to location, we aim to monitor impact for at least 12 months (source: IFC).



Honduras: Community PV

In Nagarejo, Nacaome, Scatec installed solar PV for the community water system, ensuring residents have access to affordable water.

The challenge

Nagarejo neighbours our Agua Fria solar plant. An initial needs assessment revealed that residents would benefit from savings on electricity bills. Solar PV is also a reliable energy source in case of interruption in the Nacaome area.

How we worked together

The project consisted of the installation of a solar PV system to provide electricity to the existing water pump in the well that provides water to 290 households in the community. The 10.8 kWp solar PV system consists of 27 panels and a 7.7 kW inverter. The system is low-maintenance and residents were provided with training.

Agua Fria, Honduras, 60 MW: Situated in the municipality of Nacaome in the Valle Department of Honduras, Agua Fria is the first solar power plant constructed by Scatec in Latin America.

- *With this project we managed to expand the benefits of solar PV energy and show our neighbours the great achievements that communities can obtain when they work for their own development. Working together we managed to leave a sustainable footprint for the benefit of the families that make up the Nagarejo community.*

Kerolin Yanez, Social and Community Relations Coordinator at Scatec

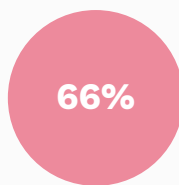
Key results



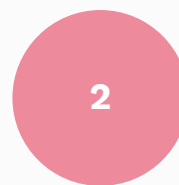
Households connected



Invested by Scatec in Agua Fria



Cost savings of electricity bill compared to previous year



Local jobs created

Key learnings from 2022

- Climate adaptation and mitigation initiatives and programmes are aligned to our core company competency (renewable energy) and the contribution to sustainable communities can be monitored over time. We will continue to explore renewable energy infrastructure and access to water projects.

Targets and ambitions for 2023

- Appoint one Community Liaison Officer (CLO) in each project.
- Directly hire 80% local labour during the peak construction period of a project.
- Ensure all new local development programmes have a clear monitoring and evaluation (M&E) plan that is monitored on a quarterly basis.
- Strengthen digital stakeholder identification tools and share knowledge across projects.

11



Ongoing community PV projects in Brazil, Honduras, Jordan, Rwanda and South Africa



Material ESG topics

Governance





Ethics and compliance

The renewables industry is built by people who believe in a better future. However, many of the countries where we operate are vulnerable to corruption which makes our work challenging. We make extensive efforts in our projects and operations to prevent corruption and other unethical practices.

Key risks:

- High risk markets
- High value investments
- Government interaction

Key opportunities:

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



Governing documents
Additional information

Scatec is opposed to all forms of corruption and strives to meet the highest ethical standards across our business activities. Our [Code of Conduct](#) embodies our fundamental values, commitment to ethical conduct and safeguards our company’s integrity. It is the bedrock of how we build our business. The Code prohibits corruption and we implement internal controls to prevent, detect and remedy improper conduct through our [Anti-Corruption Compliance Programme](#).

Compliance with applicable laws and regulations are mandatory in all Scatec activities, but business ethics extend beyond simple compliance. We conduct business with integrity, respecting the cultures, dignity and rights of individuals in all the regions where we operate. Our approach is risk-based, and we keep a special focus on markets and activities particularly exposed to corruption.

Performance against 2022 targets

- Scatec revisited and broadened the mandatory Code of Conduct e-learning to reflect updates made to our Code during the year. 100% of all employees within scope, a total of 701 employees, completed the training.
- We further embedded our Integrity Due Diligence (IDD) processes to meet evolving risks and expected growth. We implemented tools to improve tracking our workflows and assessments and we strengthened our due diligence on human rights to ensure that we identify and manage such risks in a robust way.
- In 2022, we expanded our global Compliance Officer Network to include a Global Compliance Officer based in Oslo, a Regional Compliance Officer LATAM as well as Local Compliance Officer roles in the Ukraine, Brazil and India to better support our operations on the ground.

Key initiatives and highlights in 2022

- We revised the Code of Conduct in 2022 to ensure that:
 - Emphasis is placed on the explicit duty on each employee to report misconduct
 - Additional standalone sections were added covering important topics such as transparency, safeguarding our assets, and financial controls
 - Clarification was included regarding the limited circumstances to legitimately obtain a waiver from specific requirements in the Code
- The Code is available in six languages (English, Portuguese, Spanish, Afrikaans, Arabic and Ukrainian) available through our website, and a pocket version for each language was also created and distributed locally to our project sites.
- Building awareness around the Code and Anti-Corruption Compliance Programme was in focus to prepare our many new colleagues who joined the company through 2022. We held in-person targeted trainings for 483 employees across different business functions to further embed Scatec’s compliance requirements into our organisation. A total of 978 employees received compliance training either through the Code e-learning or classroom workshops.
- Ensuring that our employees are comfortable to report potential misconduct is important for Scatec, and to ensure that they understand they have a duty to do so. Our various reporting tools, including the Whistleblowing Channel, was described in our trainings and workshops to reinforce this importance.



Code of Conduct
available in 6 languages on our [corporate website](#)

Whistleblowing channel

The Whistleblowing channel is available to all employees, suppliers, partners and customers of the company through internal channels and our [corporate website](#). The function is operated by an independent third party and available in eleven languages. All whistleblowers have the option to be anonymous.

The reports received in 2022 alleged breaches of various issues including conflict of interest, discrimination, misconduct in the workplace environment, and alleged fraud and corruption. Enquiries were investigated regarding all allegations. No allegations of corruption or discrimination were substantiated and corrective and/or disciplinary actions were implemented accordingly by Management.

Refer to our [corporate website](#) for more information.



**Number
of reports
received
in 2022: 8**

Key learnings from 2022

- The establishment of focus markets as a core component of Scatec's strategy going forward requires a review of our internal controls to ensure that such markets remain compliant with our governing documents and requirements.
- Our business model embraces new technologies that requires a deeper understanding to fully map and mitigate potential compliance risks.
- In-person workshops are a critical tool to ensure that our many new colleagues, who come from different cultures, backgrounds and with different experiences, are fully onboarded to Scatec processes and ways of working to reinforce the importance of compliance.

Targets and ambitions for 2023

- Mandatory participation in Code of Conduct e-learning for 100% of employees in scope and continue targeted classroom-based training of key employee groups.
- Continue building the Scatec Compliance Officer Network through quarterly meetings within the network to enhance the members' expertise via experience sharing and workshops.
- Revisit the Code of Conduct together with internal stakeholders with a view to undertake minor updates. Continue to review and develop relevant policies and procedures.
- Further develop in-house legal expertise on our green hydrogen and storage solutions.

Frameworks and assurance

Reporting frameworks and boundaries

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



During 2023, Scatec will assess its alignment and readiness to report on the Corporate Sustainability Reporting Directive (CSRD) in our 2024 annual mainstream reports.

Scatec’s sustainability reporting covers the period of 1 January 2022 to 31 December 2022. We report quarterly on selected key ESG indicators and annually on all relevant sustainability disclosures aligned to the above listed frameworks.

Scatec’s reporting scope covers all projects where we have operational control⁷⁾. Projects included in the sustainability reporting are aligned to our consolidated financial statements, and in addition include the solar project joint ventures (JVs) in Argentina and Brazil. The table below describes how our material topics relate to the GRI Standards. Highlighted cells (marked with an 'X') indicate the boundaries for our reporting on the material topic along our value chain.

	MATERIAL TOPIC	PROJECT DEVELOPMENT	PROCUREMENT & SUPPLY CHAIN	CONSTRUCTION	OPERATIONS	GRI TOPIC SPECIFIC INDICATORS
E	Resource use and circularity		X	X	X	GRI 306-1, GRI 306-2, GRI 306-3
	Biodiversity			X	X	GRI 304-1, GRI 304-2, GRI 304-4
	Water management			X	X	GRI 303-1, GRI 303-2, GRI 303-3
	Climate change	X	X	X	X	GRI 302-1, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-3 GRI 305-4
S	Health, safety and security	X	X	X	X	GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9
	Human rights	X	X	X	X	GRI 203-2, GRI 410-1
	Responsible supply chain	X	X	X	X	GRI 204-1, GRI 308-1, GRI 407-1, GRI 414-1
	Diversity, equity, inclusion and belonging	X	X	X	X	GRI 401-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 407-1
	Local value creation			X	X	GRI 203-2, GRI 204-1, GRI 413-1, GRI 413-2
G	Ethics and compliance	X	X	X	X	GRI 205-1, GRI 205-2, GRI 205-3, GRI 207-1, GRI 207-2, GRI 406-1, GRI 415-1

7) Definition of operational control: "A company has operational control over an operation if the former or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation" (Greenhouse Gas Protocol).

External assurance

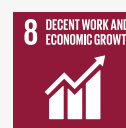
Scatec's policy and practice for seeking external assurance on our sustainability and ESG data and reporting is aligned to that of our Finance department regarding annual financial audits. Scatec's material sustainability aspects in reporting on GRI indicators, conducted in accordance with the International Standard on Assurance Engagements (ISAE 3000), was completed by PricewaterhouseCoopers (PwC), who is also the auditor for our annual financial statements and related reports. PwC completed a review of our GRI Index covering each material GRI topic within the scope of a limited assurance.

Please refer to the limited assurance statement and our GRI Index 2022, available on our [corporate website](#).

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, VP Sustainability Reporting and Strategy: Julie.Hamre@scatec.com



Alignment with UN Sustainable Development Goals (SDGs)

SDG	OUR MAIN CONTRIBUTION	SCATEC REFERENCE
Goal 7: Affordable and clean energy		
As a company we contribute directly to SDG 7 “Affordable and clean energy”. Access to energy is fundamental for economic development and people’s standard of living, which implies that contribution to SDG 7 has a positive impact on several other SDGs.	By 2030, increase substantially the share of renewable energy in the global energy mix. By 2030, ensure universal access to affordable, reliable and modern energy services.	ESG Performance Report 2022 pages 14-18
Goal 8: Decent work and economic growth		
Providing safe and healthy working conditions for our employees and subcontractors and protecting labour rights are identified as the most material topics for our business.	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. By 2020, substantially reduce the proportion of youth not in employment, education, or training.	ESG Performance Report 2022 pages 32-34, 44-47
Goal 17: Partnerships for the goals		
Our partnership-based approach is essential to our role as an integrated solar power producer. We aim to select strong and trusted partners with high standards for all projects.	Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources, to support the achievement of the SDGs in all countries, in particular developing countries.	ESG Performance Report 2022 pages 10-12, 57

Memberships and associations

Industry associations, other membership associations, and national or international advocacy organisations in which Scatec participates:

- SolarPower Europe
- Ultra Low-Carbon Solar Alliance
- Oslo Renewable Energy and Environment Cluster (OREEC)
- Norwegian Energy Partners (NORWEP)
- South African Photovoltaic Industry Association (SAPVIA)
- South African Wind Energy Association (SAWEA)

List of abbreviations and acronyms

CEO	Chief Executive Officer
CO ₂ e	carbon dioxide equivalent
CDP	Carbon Disclosure Project
CLO	Community Liaison Officer
CSR	Corporate Sustainability Reporting Directive
DEIB	diversity, equity, inclusion and belonging
DG	decision gate
DNSH	do no significant harm
E&S	environmental and social
EMT	Executive Management team
ESDD	environmental and social due diligence
ESG	environmental, social and governance
ESIA	environmental and social impact assessment
EV	electric vehicle
EVP	Executive Vice President
EU	European Union
g	gram
GHG	greenhouse gas
GRI	Global Reporting Initiative
GWh	gigawatt hour
HSS (E)	health, safety, security (and environment)
HQ	headquarters
IDD	integrity due diligence
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
I-RECs	international renewable energy certificate
ISAE	International Standard on Assurance Engagements
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
JV	joint venture
KPI	key performance indicator
kWh	kilowatt hour
LTIF	lost time incident frequency
mill	million
NORWEP	Norwegian Energy Partners
O&M	operations and maintenance
OECD	Organisation for Economic Co-operation and Development
OREEC	Oslo Renewable Energy and Environment Cluster
OS	Operating System
P&O	people and organisation
PV	photovoltaic
PwC	PricewaterhouseCoopers
RE	renewable energy
SAPVIA	South African Photovoltaic Industry Association
SAWEA	South African Wind Energy Association
SBTi	Science-Based Target Initiative
SDG	Sustainable Development Goal
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Task Force on Nature-related Financial Disclosures
TRIF	total recordable injury frequency
UN	United Nations
UNGC	United Nations Global Compact



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