

Scatec

ESG Performance Report

2021



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

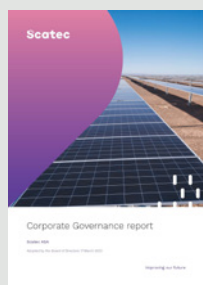
Our values

Driving results Changemakers Predictable Working together



Content

Introduction	4
ESG performance and targets	6
Basis of reporting	9
ESG priorities	10
Environmental impacts and opportunities	13
Social and safety impacts	25
Governance	39
Frameworks and assurance	42
GRI Index	
EY Assurance Statement	



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 an integral part of our organisation and embedded in all our business units and across our value chain. We have dedicated sustainability resources both at the project and corporate level involved in all project phases for long term approach and impact.

**ESG
intergration**
across our
value chain

50
dedicated
sustainability
resources

**Trusted
partners**
with high ethical
standards



Climate impact highlights

CLEAN ENERGY¹⁾

Installed capacity gross 2021

3.5 GW



SUBSTANTIAL DEVELOPMENT EFFECTS²⁾



Household powered

14.5 million per year



Industry sector jobs created

1.9 million per year



Lighting for students

10.3 million per year



Health stations powered

95,000 per year

EMISSIONS AVOIDED

4.8 million

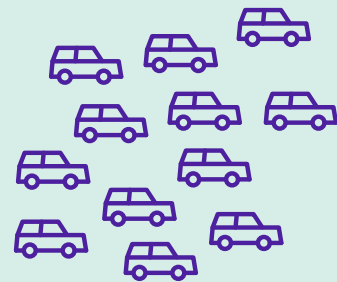
tonnes GHG emissions³⁾ avoided for all projects in 2021



EQUIVALENT TO...

The annual emissions of more than

1,000,000 cars



CLIMATE TARGET IN LINE WITH THE 1.5°C SCENARIO

NET ZERO

By 2040



2030

2040

Scope 1 and 2:

Zero emissions

Scope 3:

>97% reduction/kWh

Scope 3:

>40% reduction/kWh

1) The figure includes projects in operation and under construction and also includes our total hydropower investments.

2) Substantial development effects: The figures stated are cumulatively the equivalent of the installed capacity. The methodology for calculations is reviewed by a third party. Refer to our corporate website for more details.

3) Emissions avoided: The figure includes the actual annual production for all projects (solar, wind and hydro) where Scatec has an ownership share. The source for the country and region-specific emission factors are the International Energy Agency.

ESG performance and targets

Scatec reports on key performance indicators and sets targets across material topics. The table below covers key ESG results and performance from the full year 2021.

	KEY PERFORMANCE INDICATOR	UNIT	TARGET 2021	ACTUAL 2021	ACTUAL 2020	ACTUAL 2019	TARGET 2022
E	Environmental and social assessments	% completed in new projects	100	100	100	100	100
	GHG emissions avoided ¹⁾	million tCO ₂ e	4.4	2.0	1.6	0.9	2.1
	Water consumption	million litres (water-stressed areas)	N/A	11.0	5.9	8.1	N/A
S	Lost Time Incident Frequency (LTIF)	per million hours	0.6	1.9	0.6	1.2	≤2.14
	Total Recordable Injury Frequency (TRIF)	per million hours	1.1	3.0	1.1	1.5	≤3.21
	Fatalities	Number	0	0	0	0	0
	Female managers	% of females in mgmt. positions	35	27	33	33	32
	Female employees	% of females	33	29	30	33	N/A
	Gender pay gap (HQ employees)	% average difference in base salary between men and women	N/A	5	7	N/A	N/A
	Human rights training	% of all security guards trained	100	95	65	50	100
G	CLOs appointed	% projects with a CLO appointed	100	100	100	100	100
	Grievances resolved	% of grievances resolved	100	79	82	78	100
	Corruption incidents	number of confirmed incidents	0	0	0	0	0
	Whistleblowing incidents	number of incidents reported	N/A	7	7	6	N/A
	Anti-corruption training	% of all employees trained	100	89	100	100	100
	Supplier Environmental & social screening	% of new suppliers screened	100	100	100	100	100

1) The 2021 target for emissions avoided was based on all projects (solar, wind and hydro) where Scatec has an ownership share.

Key performance summary

During 2021, Scatec conducted Environmental and Social Impact Assessments (ESIAs) and due diligence or baseline studies in close dialogue with project and financing partners for all new projects under development with a certain level of maturity. This included projects located in Brazil, Malaysia, Tunisia, India, Cameroon, Madagascar and the Philippines. All projects are **Category B** projects according to the IFC Performance Standards, with potential limited adverse social or environmental impact.

The GHG emissions avoided from our projects in operation reached 2.0 million tCO₂e by the end of 2021. The figure reported includes all projects where Scatec has operational control. The 2021 target for emissions avoided was based on all projects (solar, wind and hydro) where Scatec has an ownership share.

We delivered more than 2.5 million working hours with no fatalities or serious injuries during 2021. The Lost Time

Incident Frequency Rate (LTIF) was 1.9 per million working hours. The figure is based on five incidents which resulted in lost time. All the lost time incidents were investigated, and preventive actions have been implemented and communicated.

The percentage of female employees in management positions globally was 27% at the end 2021. Scatec has set an ambitious target to increase this number to 35%. Several key initiatives were implemented during the year across hiring processes, performance and reward programmes, and learning and development initiatives.

Scatec analyses and reports on the gender pay for employees in our headquarters in Norway. Our gender pay gap analysis, based on a fixed component of pay, reflects a pay gap with an aggregate average of men earning 5% more. Refer to our [corporate website](#) for our 2021 Statement on Equality and Non-discrimination.

In 2021, we continued our strong efforts and collaborations 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. All new suppliers were screened on environmental and social criteria in 2021.

Scatec rolled out standardised human rights training to all security personnel at its project sites globally during the year. As per the publication of the report, the training was

conducted at 95% of all operational project sites. Remaining locations will be covered during the first quarter of 2022.

The total number of grievances received from projects in operation and under site construction amounted to 28. Of the total grievances registered, 79% were resolved as per the publication of the report.

Scatec provides mandatory anti-corruption and code of conduct training to all employees. As per publication of the report, 89% of all employees had completed the training.

ESG rating results 2021



THE GOVERNANCE GROUP

ESG 100
ESG reporting:

A+ rating

Number one out of the 100 largest companies listed on the Oslo Stock Exchange



Climate reporting and transparency:

A List

Top score

Carbon Disclosure Project

ecovadis

Sustainability rating:

Silver

Overall score within the 92nd percentile



ESG rating:

AAA

Top rating

Company's resilience to long-term ESG risks



ESG Rating:

A- rating

Status: Prime

Prime threshold: C+



ESG risk rating:

Low risk

Top score

Top score in Utilities industry group

Governance



Governance and management approach

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 ESG Committee guides our work and commitment towards ESG matters quarterly and ensures regular review of relevant ESG topics.

Our sustainability team collaborates closely with other business units to review and address relevant sustainability matters on a regular basis. For all our projects, environmental and social risks are identified, reported and actively managed with clear decision gates and requirements through all project phases.

Sustainability topics including health, safety and security, anti-corruption, responsible procurement, environmental and social impacts and stakeholder engagement are reviewed by Management and the Board of Directors on

a biweekly and a monthly basis. An important part of this work is also to develop key performance indicators that are reviewed by Management and the Board of Directors annually.

A policy for each material ESG topic outlining the key principles and management approach governs the way we operate and address the issue. The key policy aspects for material topics can be found in our [online report](#) linked in each chapter of this report. 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](#).

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

Basis of reporting



Reporting frameworks and boundaries

Scatec reports in accordance with the Global Reporting Initiative (GRI) Standards 2016 (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).

Scatec’s reporting scope covers all projects where we have operational control⁴. 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 AND SUPPLY CHAIN	CONSTRUCTION	OPERATIONS	GRI TOPIC SPECIFIC INDICATORS
E	Resource use and circularity	X	X	X	
	Biodiversity		X	X	GRI 304-1, GRI 304-2, GRI 304-4
	Water		X	X	GRI 303-1, GRI 303-2, GRI 303-3
	Climate impact	X	X	X	GRI 305-1, GRI 305-2, GRI 305-3
S	Health, safety and security	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	GRI 203-2, GRI 410-1, GRI 412-1
	Responsible supply chain		X	X	GRI 204-1, GRI 308-1, GRI 414-1
	Diversity and gender equality	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	Ethical business conduct	X	X	X	GRI 205-1, GRI 205-2, GRI 205-3, GRI 307-1, GRI 406-1, GRI 415-1, GRI 419-1

Refer to the frameworks and assurance section of this report for our GRI Index and alignment to other relevant frameworks including the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainable Development Goals (SDGs).

External assurance

In 2021, EY completed a review of Scatec’s material sustainability aspects in reporting on GRI indicators in this report and our GRI Index 2021 on our [corporate website](#). Refer to the limited assurance statement conducted in accordance with the International Standard on Assurance Engagements (ISAE 3000) on our [corporate website](#).

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

ESG priorities

Renewables must be deployed with respect for nature, social inclusion and in close cooperation with broader society. The impact of renewable power projects 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 shown in the illustration below. All topics are placed according to where the most significant potential impact occurs. Each topic is defined by a policy, an evaluation of results in 2021 and a set of targets to be measured and to guide our work for 2022 and onwards. A definition of each topic area is available on our [corporate website](#).



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, and local communities.

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 2021, we reviewed our materiality assessment to incorporate new technologies, including hydropower and wind, and focusing on both impacts and risks. We developed an internal value chain impact and risk analysis through workshops and internal engagements. We engaged with 15 key stakeholders to get insights into their perspectives and concerns. All the information collected through the internal and external interviews was aggregated, and on this basis, we defined our most material ESG topics and priorities. Refer to our [corporate website](#) for more information.

15 interviews

with key stakeholders on ESG matters in 2021



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 ESG Reporting and Strategy: Julie.Hamre@scatec.com.



Environmental impacts and opportunities



Climate impact



Scatec contributes positively to the global transition to a low carbon society through its renewable energy generation. However, the production of components for solar and wind projects and land use changes from development release emissions that can contribute to climate change.

Key risks:

- Increased climate regulation
- Indirect emissions in supply chain
- Emissions from land use change

Key opportunities:

- Increased renewable electricity demand
- Social electrification for low carbon transition
- Industry collaborations



[Governing documents](#)
[More information](#)

Scatec takes a science-based approach to climate change and monitors and annually discloses direct (Scope 1) and indirect (Scope 2 and 3) greenhouse gas emissions resulting from our projects. We have targets to reduce the intensity of our projects, emissions per kWh produced, and aim to have no direct emissions by 2030 and net zero value chain emissions by 2040. We also estimate the emissions avoided by the electricity our projects generate based on local country grid mix.

KEY PERFORMANCE INDICATORS	UNIT	ACTUAL 2021	ACTUAL 2020	ACTUAL 2019
GRI 305-1: Direct GHG emissions (scope 1)				
Total GHG emissions	tCO ₂ e	916	755	1,846
GRI 305-2: Energy indirect GHG emissions (scope 2)				
Total location-based GHG emissions	tCO ₂ e	4,952	5,688	5,109
Total market-based GHG emissions	tCO ₂ e	3,763	2,909	5,109
GRI 305-3: Direct GHG emissions (scope 3)				
Total air travel	tCO ₂ e	549	739	3,662
Total well-to-tank	tCO ₂ e	1,944 ¹⁾	2,171 ¹⁾	2,367 ¹⁾
Total purchased capital goods	tCO ₂ e	19,626	2,604 ²⁾	227,390 ^{2,3)}
Total upstream transportation	tCO ₂ e	827	112 ²⁾	7,652 ²⁾
Total waste generated	tCO ₂ e	51	34	22
Total employee commuting	tCO ₂ e	912	294	201
Investments	tCO ₂ e	1,202	N/A	N/A
Scope 3 total	tCO ₂ e	25,110	5,954	241,294
Total (Scope 1, Scope 2 market based and Scope 3)	tCO ₂ e	29,789	9,618	248,249

1) Well-to-tank emissions from 2021 include upstream electricity emissions and losses for all countries

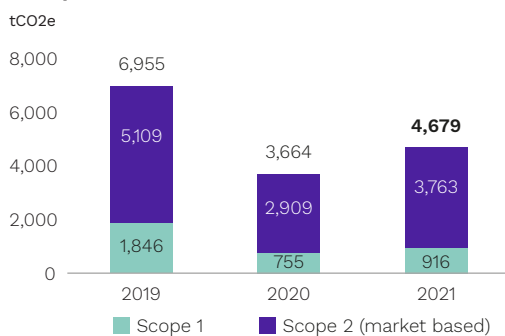
2) 2020 and 2019 capital goods and upstream transport restated to include Release projects

3) Capital goods emissions in 2019 were higher than in 2020 and 2021 due to significant procurement activities. Emissions in 2022 are expected to be of a similar size due to number of new projects under development.

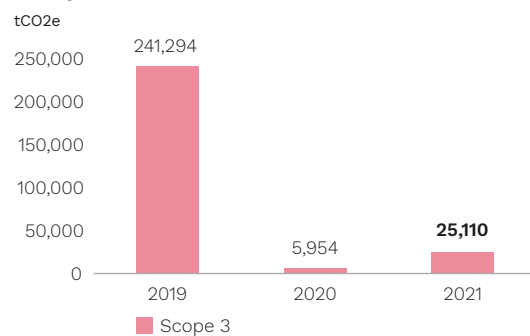
Targets and performance 2021

- The total GHG emissions from our activities in 2021 amounted to 29,789 tCO₂e (tonnes of carbon dioxide equivalent) including scope 1 emissions, market-based Scope 2 emissions and the seven relevant Scope 3 categories from the table above.
- Scope 1 emissions increased slightly from 2020 due to three projects moving into the operations phase during 2021, in addition to increased maintenance activities at some sites.
- The decrease in Scope 2 emissions is due to a reduction of electricity usage in Egypt where reactive power services during the night were no longer required from 2021.
- The increase in Scope 3 emissions from 2020 is primarily due to procurement for [Release](#) projects and the inclusion of hydropower investments and upstream emissions from electricity production in all regions.
- The overall decrease in emissions versus 2019 reflects less procurement and construction activity.
- Over 26% of our electricity consumption was sourced from renewables in 2021 through 2,394 MWh cancelled International Renewable Energy Certificates (I-RECs) in Egypt, in addition to the use of own generated renewables on site.
- The GHG emissions avoided from our operating projects in 2021 reached 2.0 million tCO₂e, up from 1.6 million tCO₂e in 2020. The figure reported includes all projects where Scatec has operational control.

Scope 1 and 2 emissions



Scope 3 emissions



Emissions avoided

CONSOLIDATION METHOD	UNIT	ACTUAL 2021	ACTUAL 2020	ACTUAL 2019
Total emissions avoided by all power projects where Scatec has an ownership share ¹⁾	million tCO ₂ e	4.8	1.6	0.9
Emissions avoided by all power plants according to Scatec's equity share ¹⁾	million tCO ₂ e	2.0	0.9	0.5
Emissions avoided by Scatec operated power plants ²⁾	million tCO ₂ e	2.0	1.6	0.9

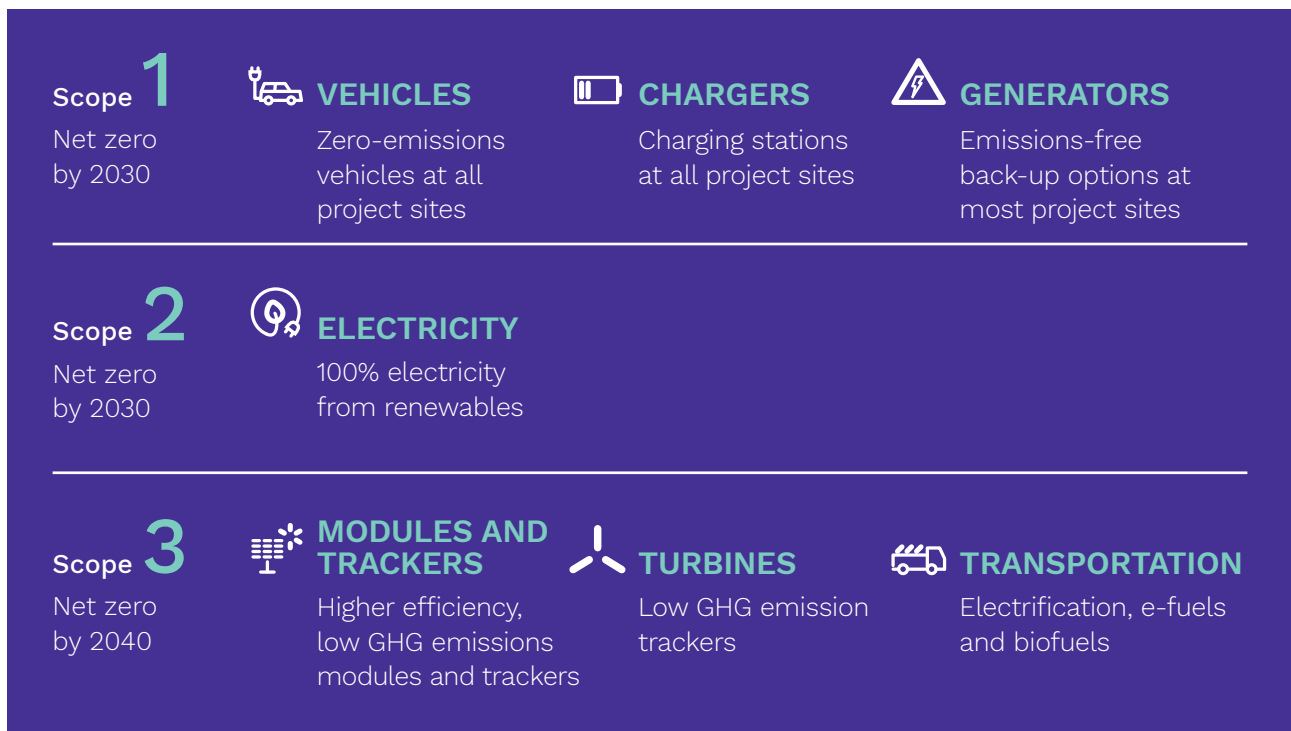
1) Figures include all solar, wind and hydropower projects.

2) Figures do not include hydropower investments as Scatec does not have operational control.

Key initiatives and highlights

- We reported to the Carbon Disclosure Project (CDP) in 2021 and were awarded top score and a place on its prestigious 'A' List for tackling climate change.
- In 2021, Scatec increased the ambition of its climate goals to align with the requirements of 1.5 °C and is targeting zero Scope 1 and 2 emissions by 2030 and net zero by 2040.
- We developed a climate roadmap with milestones and key initiatives for reaching our climate targets. This roadmap will be further developed and finalised in 2022.
- A commuting survey was carried out during the year to better understand the climate impact of how employees get to work and what can be done to reduce this impact.
- We signed the [Call on Carbon](#) initiative which calls on countries to back their net zero targets with Paris Agreement-consistent measures to clear a path to reach net zero emissions.
- We became an official member of the Technical Committee of the [Ultra-Low-Carbon Solar Alliance](#).

CLIMATE ROADMAP: Key emission reduction initiatives to reach net zero [Read more](#)



- The EU Taxonomy climate mitigation compliance for Scatec's hydropower assets were assessed by a third party. All assets were found to be well below the emission threshold (100gCO₂/kWh). Refer to our [corporate website](#) for the final assessments.
- Lifecycle project emissions were reviewed, confirming original findings that components are the most material emission source, with solar modules being the most important single category.
- We continued solid engagements with key suppliers in 2021 around climate reporting and ambitions. Refer to the [Responsible supply chain](#) chapter for more information.
- A new corporate environmental position was established in the first half of 2021 to drive company-wide climate and environmental initiatives and targets.

Key learnings

- It is challenging to estimate indirect emissions from component production, Scatec's most significant emission source, due to complex supply chains and, as it is outside our control, we cannot establish emission reduction efforts directly.
- To address this, we will increase our engagement with key suppliers to improve data quality and encourage them to set ambitious climate targets.
- We will also collaborate through industry initiatives to push for more transparency and emissions improvements and set requirements during procurement to favour lower emission products.

Targets

- Climate target set in line with the 1.5°C scenario:
Net zero by 2040
 - Scope 1 and 2: Zero direct emissions and emissions from electricity by 2030
 - Scope 3: >40% reduction/kWh by 2030 and >97% reduction/kWh by 2040
- Source at least 65% of our electricity use from renewables through purchases of I-RECs or use of own renewable electricity by the end of 2022.
- Start the implementation of the climate roadmap by identifying pilot projects for deployment of zero-emissions technologies such as electric vehicles.
- Ensure GHG emissions criteria are evaluated in all major component procurement activities.
- Calculate biogenic emissions for all projects where land use change is a significant impact.
- GHG emissions avoided from our projects in operation to reach 2.1 million tCO₂e.



Resource use and circularity



Renewable power projects require large amounts of resources to be built. With power purchase agreements (PPAs) lasting up to 25 years, projects 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
- Recycling of main components



Governing documents
More information

Scatec is committed to being a responsible business by considering our projects' long-term performance and end-of-life decommissioning, aiming to minimise potential negative impacts upon society and the environment, as well as maximise economic value. As most of our greenhouse gas and resource footprint is related to the components our projects are built with, it is essential that we make informed decisions to reduce this impact where possible.

Targets and performance 2021

- In line with our 2021 target, Scatec started to develop a strategy for lifecycle management of equipment. Refer to our [online report](#) for more details. This work will continue in 2022.
- As part of this strategy, we developed a [Project Lifecycle Management and End of Life Guide](#) in accordance with relevant standards such as the Equator Principles and IFC Performance Standards.

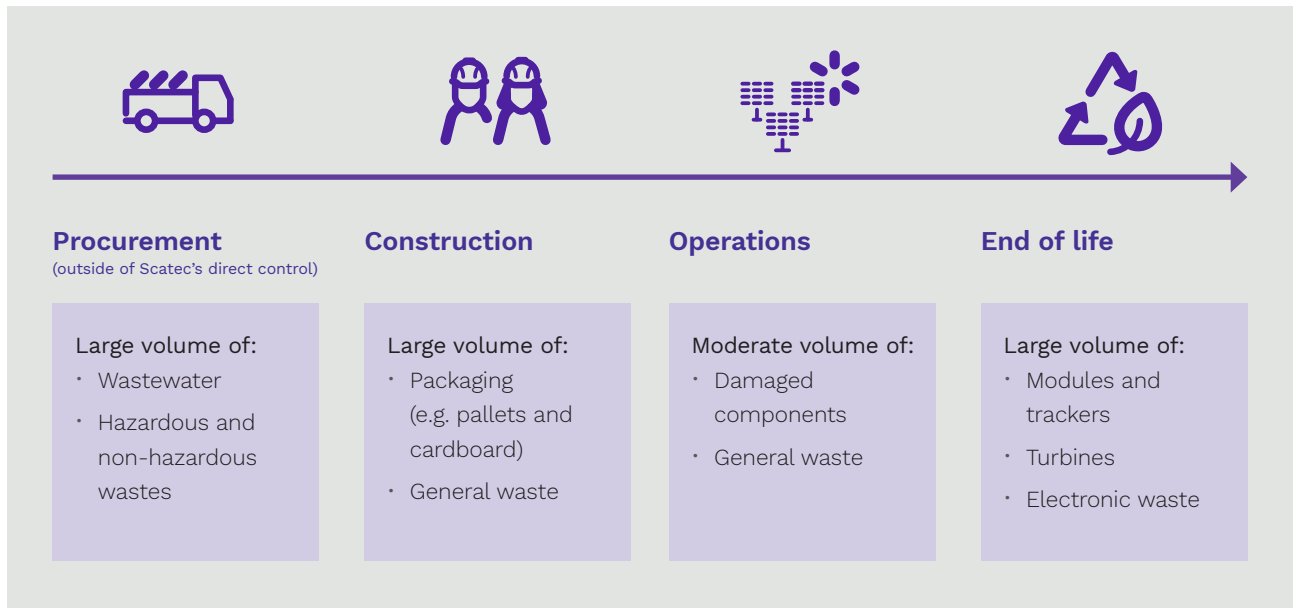
Project
lifecycle
management
guide



Key initiatives and highlights

- During the first half of 2021, we established a dedicated cross-functional working group to focus on lifecycle management of equipment.
- We mapped key waste streams and existing waste management practices across our operational projects.
- We explored and analysed opportunities for end-of-life decommissioning and engaged with key suppliers to identify options such as take-back schemes and other relevant options.
- We developed and published an Environmental Policy detailing our commitment, standards and ambitions around climate change and energy, biodiversity, waste and resource management and water.
- We reviewed and updated our site waste management procedure to better integrate lifecycle requirements and improve waste management procedures. Our key waste streams are presented below aligned to the phase of a typical project.

Key waste streams



Key learnings

- Wind turbine blades currently have low recycling rates globally due to challenges of material recovery from composites, though the industry has ambitious targets on increasing recycling rates in the coming years.
- We will continue working to identify options for safe and environmentally sound disposal of damaged components to ensure each project has a suitable solution in place.

Targets

- Finalise and publish our corporate strategy for lifecycle management of equipment including minimum requirements for waste treatment.
- Ensure all projects have a preliminary end-of-life plan in place during 2022.
- Establish reporting for waste aligned to GRI 306-3 and report on the total weight of waste generated in 2022.

Biodiversity



The development and construction of utility-scale renewable energy projects 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

Key opportunities:

- Habitat creation during operations
- Habitat restoration at end of life



Governing documents
More information

Scatec owns and operates a variety of renewable energy technologies that have differing potential impacts on nature and biodiversity. The key impact of solar power projects is land use change as they occupy large areas. Wind power projects can, if poorly placed, have substantial impacts on birds and bats due to collisions throughout the lifetime of the project. Hydropower projects can disrupt the flow of rivers affecting aquatic species as well as impacting land species if large areas are flooded to create reservoirs.

Biodiversity considerations are part of Scatec's environmental and social due diligence and baseline studies in order to identify and mitigate negative impacts during project development. If impacts cannot be mitigated, we create biodiversity offsets to compensate for major impacts on fauna and flora caused by projects to ensure no net loss and, where possible, a net gain in endangered species. 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.

Targets and performance 2021

- Of Scatec's total operating projects sites, none is within a protected area (many projects have multiple sites). Fourteen are within 10 km of a protected area and nine have an International Union for Conservation of Nature (IUCN) designation.
- Scatec also has investments in six hydropower projects, of which two are within protected wilderness areas and two are near protected areas. Refer to our [online report](#) for more details.
- Critically endangered species identified include:
 - Cocoloba cholutecensis in Honduras.
 - White backed vulture in South Africa.
 - European mink in Ukraine.
- 879 IUCN Red List species of least concern with habitats in areas are identified in environmental and social impact assessments (ESIAs) or environmental and social due diligences (ESDDs)⁵.

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

Key initiatives and highlights

- We developed and published an [Environmental Policy](#) in 2021. 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 Environmental and Social Management System (ESMS) was reviewed to ensure the integration of biodiversity concerns for all technologies.
- To improve our reporting, we reviewed the biodiversity status for all projects, including the projects’ location in relation to protected areas, proximity to areas of high biodiversity value and IUCN designation and species identified in ESIA’s and ESDD’s and their IUCN status.
- Scatec strengthened in-house expertise in biodiversity by appointing additional environmental and social specialists.
- We undertook a third-party assessment of the EU Taxonomy Do No Significant Harm (DNSH) criteria for Scatec’s hydropower investments. All the assets were found to be compliant for all biodiversity criteria. Refer to our [corporate website](#) for final assessments.



Environmental policy



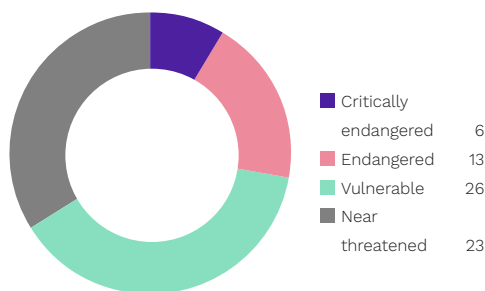
Key learnings

- Scatec has a long-term ambition to have a net positive biodiversity impact. However, it is currently challenging to define what this means in practice due to complexities of reporting on biodiversity issues and lack of clear frameworks.
- We are therefore closely following ongoing initiatives such as updates to GRI and Task Force on Nature-related Disclosures (TNFD) to better understand how to create a baseline for biodiversity impact and measurably reduce, and where necessary offset, impacts.

Targets

- Establish a working group to focus on biodiversity data gathering, reporting and target setting (improved understanding of no net loss and offsets).
- Integrate EU Taxonomy biodiversity requirements into new hydropower project planning.
- Develop clearer guidance and tools for project biodiversity screening and templates for new ESIA’s to increase comparability and consistency across projects.
- Further develop minimum standards for biodiversity to reduce potential project impacts.
- Map ongoing biodiversity initiatives across established projects to better understand impacts and share best practice.
- Develop and roll out interactive ‘biodiversity and environmental policy’ training module.

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



Water



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](#)
[More information](#)

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.

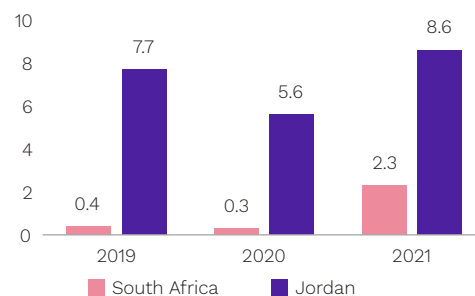
Water conservation awareness, minimising water use for dust suppression by maintaining road conditions and monthly monitoring to identify causes of abnormal volumes are among the management considerations implemented at all projects. Efficiency is sought by avoiding unnecessary washing cycles and using effective washing methods like spraying.

Targets and performance 2021

- The water usage for 2021 reached 11 million litres, which includes full operation of three new grid-connected projects in South Africa during 2020.
- During 2020, all planned module cleaning cycles in Jordan could not be completed due to COVID-19 restrictions.
- The source of water in South Africa is ground water and in Jordan municipal water.

Water withdrawal (water-stressed areas)

Total volume of water (mill. litres)



Key initiatives and highlights

- In 2021, Scatec reviewed the water-stressed areas we report on, based on the water basins in the areas where we withdraw groundwater. The review is aligned to the methodologies applied by the World Resources Institute (WRI) [Aqueduct Water Risk Atlas](#) and the World Wildlife Fund (WWF) [Water Risk Filter](#).
- We developed and published an Environmental Policy in 2021 detailing our commitment, standards and ambitions towards climate change and energy, biodiversity, waste and resource management and water.



Key learnings

- Water use varies greatly between our solar projects due to difference in plant design, regulatory requirements and soiling that dictates the frequency of cleaning that is required. This limits how much we can reduce water consumption, but we strive to optimise usage across our projects.
- Substantial amounts of water flow through our hydro-power investments. Scatec does not have operational control over these projects, though we have reviewed water basin and flow management practices to ensure alignment with the requirements of the EU Taxonomy.
- Water basin management is a local government responsibility, and they also regulate water discharge volumes. Plant operators follow the requirements which are set to ensure minimal ecological flows, balance water availability with flow and to avoid overfilling reservoirs.
- Changing seasonal water availability and maximum flow are potential impacts of climate change on the hydro-power projects and this will be further assessed in 2022.

Targets

- We will improve the monitoring and reporting of water withdrawal during operations to better enable improvements and allow continuous assessment of status throughout the year.
- We will carry out climate risk assessments of our hydropower investments to better understand potential changes to water availability and extreme rainfall events.
- We will continue to closely follow ongoing initiatives such as updates to the Task Force on Nature-related Disclosures (TNFD) to better understand how to improve our water usage monitoring and implement reduction initiatives where appropriate.



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
More 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 prescribed by 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 and annual management reviews.

100% 
employees and contractors covered by our Occupational Health and Safety Management System in 2021

KEY PERFORMANCE INDICATORS	UNIT	TARGET 2021	ACTUAL 2021	ACTUAL 2020	ACTUAL 2019
GRI 403-9: Work-related injuries					
Fatalities	number	0	0	0	0
Lost Time Incident Frequency ¹⁾	number	≤ 0.6	1.9	0.6	1.2
Total Recordable Injury Frequency ²⁾	number	≤ 1.1	3.0	1.1	1.5
High potential incidents	number	≤ 1.5	1.2	1.5	0.4
Sick leave ³⁾	%	≤ 2.0	0.9	1.0	0.7
Working hours incl. subcontractors	number	N/A	2,586,755	3,694,531	11,747,041

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.

Targets and performance 2021

- The year was characterised by ongoing activity in the development and operations phases of various projects, with limited construction activity in 2021.
- In 2021, Scatec was content with the continued strong positive trend across our performance indicators, namely the number of fatalities and high potential incidents.
- Scatec had ambitious targets for LTIF and TRIF in 2021 and even though the targets were not met, we take pride in good performance compared to the energy and construction industry.
- The sickness leave rate remained moderate at 0.9%, broadly in line with previous years.



1.2 high potential incidents

Key initiatives and highlights

- Key initiatives to further strengthening our HSSE culture across projects included global awareness campaigns, open reporting and behavioural schemes.
- Scatec has leading indicators on reporting across different business units such as reporting on incidents and improvement ideas, audit closing and management inspections.
- We completed a revision of our entire HSSE framework and emergency response procedures comprising more than 50 governing documents.
- Scatec launched a global HSSE campaign during the year focusing on traffic safety.
- We published seven newsletters where we shared with the organisation accomplishments, potential improvements and lessons learnt.
- The pandemic naturally reduced the amount of travel during 2021. A small number of business-critical trips were required in 2021 and a strict travel approval checklist was established.
- We organised an annual emergency drill with the organisation as part of our security and emergency preparedness programme.
- Scatec is certified to ISO 9001, 45001 and 14001. DNV executes certification audits every three years as well as intermittent monitoring audits. Scatec was again certified by DNV during the fourth quarter 2021, confirming our alignment to industry best practice.



Key learnings

- **Traffic safety**
 - Traffic safety remains one of the most serious risks we face.
 - We reported two high potential incidents related to traffic accidents in 2021, in South Africa and Pakistan. The incidents were closely investigated in line with our corporate policy and integrated into our lessons learnt.
- **Pandemic and emergency response**
 - We have learnt that our organisation can maintain a healthy and effective safety culture even during a pandemic.
 - We maintained our safety culture and ensured that employees and contractors were safe at work and in doing their jobs.
 - Our COVID-19 Emergency Response Team continued to monitor and advise with regular meetings and company communication.



2 high potential incidents related to traffic accidents

Targets

- Our main long-term goal is to have zero fatalities and serious injuries and reach our remaining HSSE targets for 2022 set out in the key performance indicators table below.
- We will also focus on leading and preventive KPIs to ensure a proactive approach to our HSSE improvement work.

KEY PERFORMANCE INDICATORS	UNIT	PROJECTS WITH OPERATIONAL CONTROL
		TARGET 2022
GRI 403-9: Work-related injuries		
Fatalities	number	0
Lost Time Incident Frequency ¹⁾	number	≤2.14
Total Recordable Injury Frequency ²⁾	number	≤3.21
High potential incidents	number	≤1.43
Sick leave ³⁾	%	≤ 2.0
Working hours incl. subcontractors	number	N/A

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 pay special attention to the human rights we are at risk of impacting and to the most vulnerable groups. We endeavour to minimise our negative impacts, maximise local benefits and ensure constructive dialogue with project stakeholders.

Key risks:

- Supply chain impacts
- Land access and economic and/or physical displacement
- Labour and working conditions
- Use of security forces

Key opportunities:

- Transparency
- Capacity building and training
- Sustaining social licence to operate
- Strengthen specific human rights due diligence



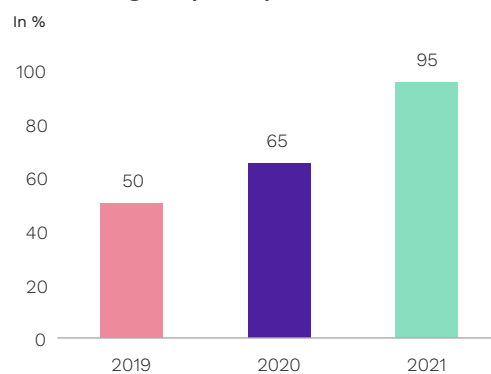
Governing documents
More information

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.

Targets and performance 2021

- In 2021, we further strengthened our human rights due diligence process and started preparatory work to ensure compliance with the [Transparency Act](#), entering into force in 2022.
- We conducted environmental and social assessments for all new projects and two specific human rights due diligence assessments for projects in Pakistan and Brazil.
- There were no specific cases related to human rights in 2021.
- We rolled out standardised human rights training to all security personnel at our project locations globally. The training was conducted at 95% of all operational project sites as per the publication of this report. Remaining locations will be covered during the first quarter of 2022.
- Our corporate human rights training continued in 2021 and is mandatory for all employees every second year.

Security personnel trained in human rights principles



Key initiatives and highlights

- In 2021, we initiated a resettlement process in Pakistan of approx. 70 households, other structures and cultivated land in compliance with the IFC Performance Standards. Refer to the case study below for more details.
- We updated our Environmental and Social Management System (ESMS) manual to define conditions that require a specific human rights due diligence assessment.
- We increased cross-functional collaborations on human rights topics and established an internal working group with a specific focus on human and labour rights in our supply chain.

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

Key learnings

- Increased focus and need for transparency around human rights risk in our supply chain with a particular focus on exposed regions like Xinjiang, China. Refer to the [Responsible supply chain](#) chapter for related information.
- Stronger expectations from key stakeholders to disclose information relating to our human rights due diligence activities. This work will be aligned with the Transparency Act entering into force in July 2022.

Pakistan: Sukkur project, 150 MW

Gender Action Plan

Purpose: Proactively address inequalities and empower local women, who are identified as a key vulnerable group in our human rights assessment

Key focus of the plan:

- Outlines the principles and procedures for managing project-related impacts according to the IFC Performance Standards
- Ensures access to project benefits such as compensation for project impacts (for example joint bank accounts and registering replacement land on both men and women) and community development programmes



Targets

- Review our human rights policy to ensure inclusion of commitments to remedy any adverse impacts on individuals, workers or communities and to respect indigenous people's rights.
- Publish detailed information on our due diligence process in line with the Transparency Act.
- Complete separate and specific human rights assessments for all high-risk projects.
- Key training targets:
 - 100% completion rate of mandatory corporate human rights training.
 - Expand on the training provided to exposed groups to include community workers, such as Community Liaison Officers (CLOs) and social staff.
 - Ensure that 100% of security guards are trained in human rights principles in all new projects.

Responsible supply chain



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

Key risks:

- Human and labour rights
- Environment and climate
- Corruption
- Traceability

Key opportunities:

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

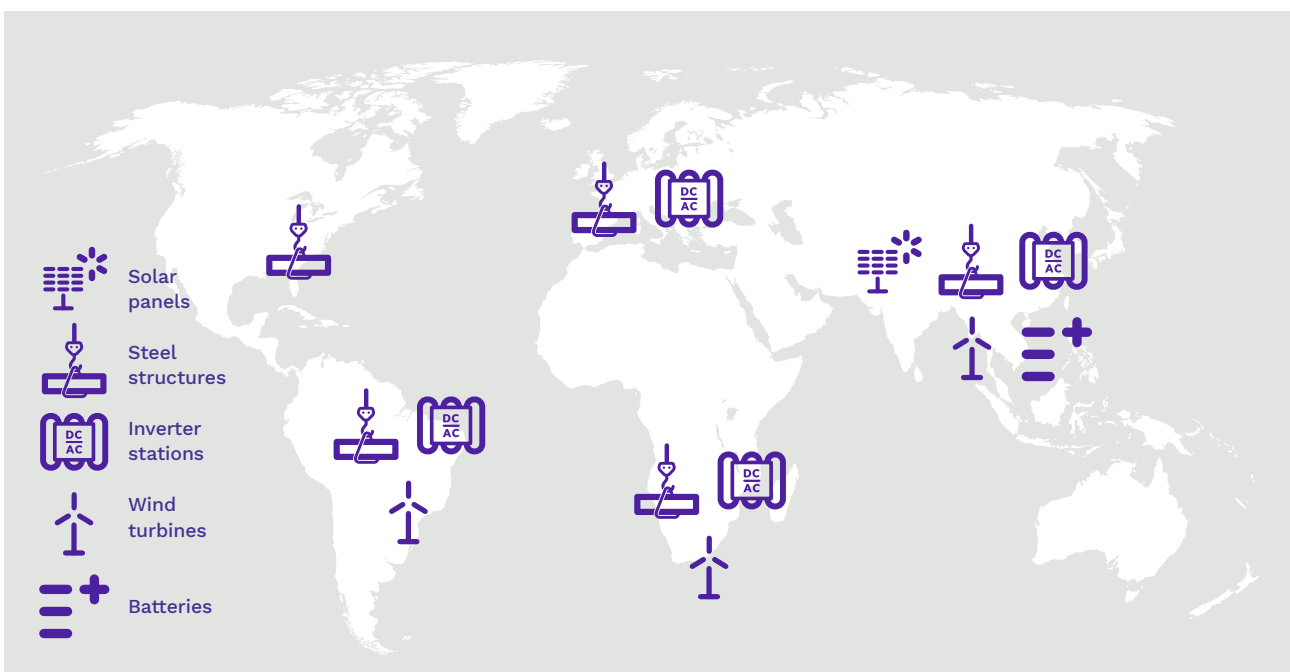


Governing documents
More information

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.


Global supply chain overview

In 2021, Scatec had three projects under construction and projects in operation in 15 countries. We did not make any significant purchases of main procurement items during 2021. The map below provides an overview of our current and future supplier base for our main procurement items.



Targets and performance 2021

- In 2021, we finalised and published our [Conflict Minerals policy](#), available on our [corporate website](#).
- Aligned with our 2021 targets, we restructured our global procurement organisation and allocated regional responsibilities for all main technologies.
- We reviewed our supplier management process and identified key improvement areas including increased visibility across our entire supply chain to conduct risk assessments based on human rights.
- We continued regular supplier engagement and hosted four workshops on sustainability efforts and goals with key suppliers⁶⁾ during the year.
- We developed a strategy for lifecycle management of equipment. This work will continue in 2022. Refer to the [Resource use and circularity](#) chapter for more information.

100% 
environmental and social screening of new suppliers in 2021



Engagement with suppliers on sustainability efforts and goals

LONGI Solar



nextacker
A Rex Company

risen
solar technology

Topics discussed with suppliers:

Climate and emissions

- GHG emissions targets
- Renewable energy procurement
- Product carbon footprint and lifecycle analysis

Circular economy

- Recycled content in products
- Relevant take-back schemes

Water

- Consumption tracking and reporting
- Emissions to water

Biodiversity

- Current approach and strategy
- Targets and reporting

Key initiatives and highlights

- To further strengthen our supplier management and monitoring, we enrolled in a three-year programme with [EcoVadis](#), a global ESG supplier management platform. In 2022, all key suppliers will be assessed through the platform on four key areas including Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.
- The EcoVadis assessment and its corresponding scorecard will address our Company's target to develop global supplier scorecards and corresponding KPIs.

A-score (leadership)
for supplier engagement on climate change, based on our 2021 CDP disclosure

⁶⁾ Key suppliers are defined as suppliers that Scatec directly engages for the supply of goods, and in some cases services (such as transportation management), to deliver our renewable power projects.

- We held training sessions for all supply chain members on anti-corruption and compliance within supply chain.
- In 2021, we purchased procurement items including solar panels, inverter stations and batteries for four [Release](#) projects located in South Africa, Norway, Chad and Cameroon.
- We engaged in several industry and peer collaboration forums including Solar Power Europe, Ultra Low-Carbon Solar Alliance and Sustainability Hub Norway. Key topics discussed included circularity, emissions and human rights.

57%

spend on local suppliers in the operations phase in 2021

Key learnings

- In 2021, we continued our strong efforts and collaborations to address the alleged forced labour issues in the solar PV production industry in Xinjiang, China.
- Our internal working group held regular meetings and implemented several key initiatives to further address the issue. This included traceability audits, collaborations with peers and specialist consultants, updates of governing documents and exploration of alternative sourcing of polysilicon. See more details in the box below.

Key update: Human and labour rights in Xinjiang, China

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

- Our contracts have been updated to include specific topics related to the Xinjiang forced labour issue.
- We have initiated a desktop traceability assessment with a third party, with the support of our solar PV module suppliers.
- 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.

We have also updated our Supplier Qualification Procedure to include a traceability map for all components of our key equipment. This supply chain mapping forms an integral part of our supply chain risk assessment.

Read more on our [corporate website](#) under the Responsible supply chain section.

Targets

- Roll out new ESG supplier assessment platform from EcoVadis, a global ESG supplier management platform, for all key suppliers and follow up on corrective actions and recommendations with each key supplier.
- Digitalise our supply chain by launching our new Supplier Management System as well as improved dashboards to monitor progress and risk identification.
- Host workshops with five key suppliers on ESG matters during the year.
- Publish detailed information on our traceability processes in line with best practice including the requirements of the [Transparency Act](#).

Diversity and gender equality

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:

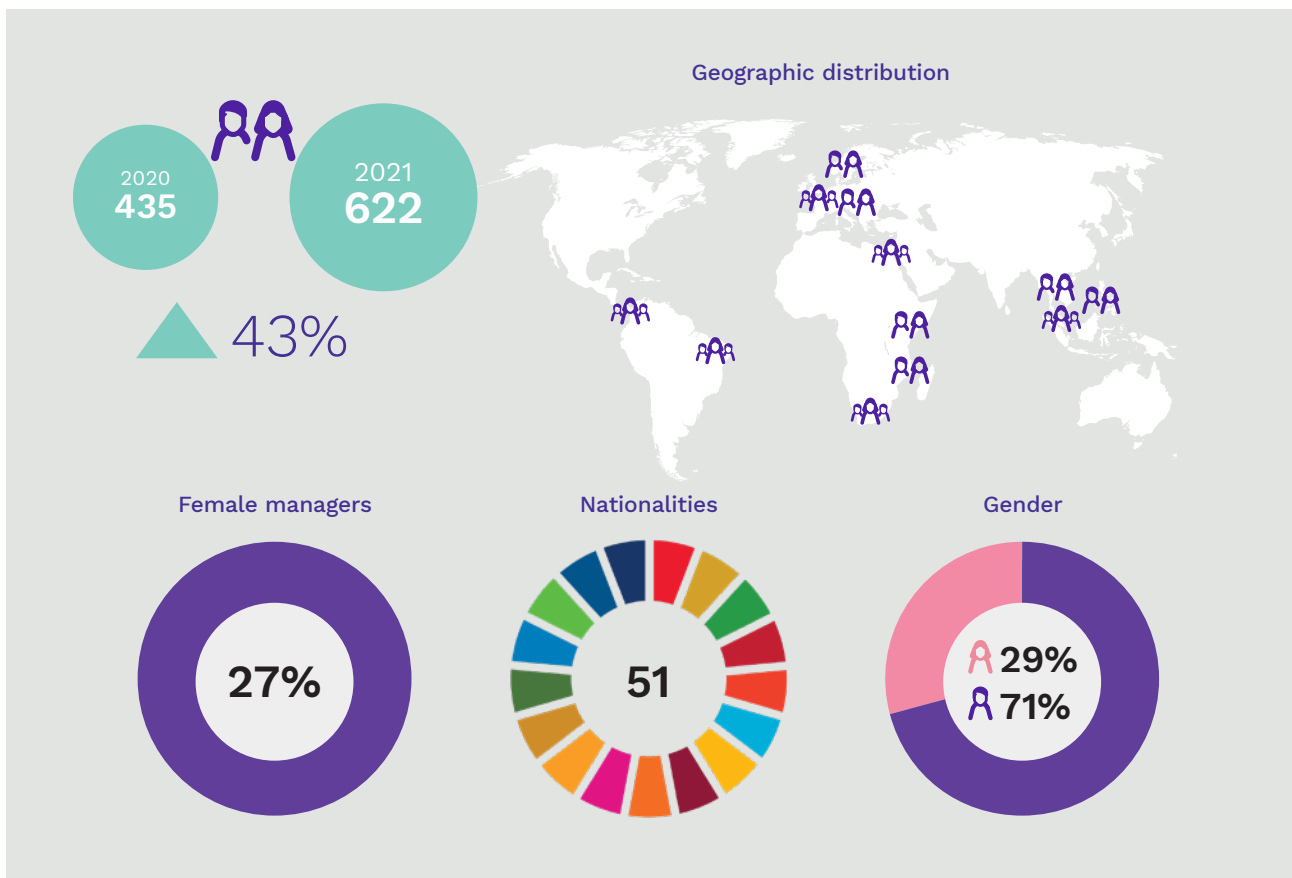
- Diverse workforce
- Green and sustainable company
- Human capital development
- Leadership development



Governing documents

More information

Diversity, equity, inclusion and belonging are key business imperatives for Scatec. We embrace these aspects in our practices, policies and procedures, including hiring processes, performance and rewards, learning and development programmes and initiatives.



Targets and performance 2021

- Scatec had 622 full-time employees at the end of 2021, an increase of 43% since 2020. In addition, we had 105 short-term employees and 56 consultants, giving a total workforce of 784 people.
- We hired 173 permanent employees, of which 37% of new hires were female. A key contributor to the growth from last year was the acquisition of Norwegian hydropower company, SN Power. Refer to our [online report](#) for additional employee data.
- Scatec's voluntary turnover rate was 8.4% for 2021, compared to 5.1% in 2020. Similar to other companies, Scatec experienced an increase in turnover during 2021 compared to 2020. Scatec will continue to monitor this closely and work systematically with all factors that drives motivation, engagement and belonging.
- A 2021 target was to report on female employees in management positions, which at year end, was 27% of the global total. Scatec has set an ambitious target to increase this number to 35%. Initiatives to achieve the target will continue to be a focus in 2022.
- We signed up to the [Equality Check](#) platform to strengthen our work around diversity and equality.
- Scatec's 2021 [Statement on Equality and Non-discrimination](#), including key gender pay statistics for our headquarters, is available on our [corporate website](#).

51 
nationalities
in 2021

AFF 
FiftyFifty
programme
 More women in top
 management positions

Key initiatives and highlights

- The number of different nationalities reached 51 in 2021, up from 41 last year, which makes us a truly global company by any definition.
- In 2021, we enrolled in the [AFF Fifty-Fifty](#) programme comprising of four modules over seven months, which focuses on unconscious bias, barriers for women and building networks. Refer to our [online report](#) for more information.

Key learnings

- We continued our efforts to increase the number of female employees in our organisation, but did not reach our target of increasing the proportion of females from 30% to 33% in 2021.
- We implemented several key initiatives to promote greater diversity with a strong focus on recruiting female candidates for all positions and promoting women in our leadership programmes. We accumulated important learnings from these initiatives that will be integrated into our processes going forward.
- Gender diversity will remain a key focus area in the coming years.

Targets

- Increase female representation on management level from 27% to 32% through internal promotions and hiring.
- Work actively to assure the retention of females and keep total attrition rate below 5%.
- Improve our diversity, equity, inclusion and belonging (DEIB) culture and implement mandatory DEIB training for leaders.

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.



[Governing documents](#)
[More information](#)

Key risks:

- Potential negative impact from project construction
- Land resettlement
- Corruption
- Community unrest and 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

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. Our goal is to positively impact the communities we operate in, both directly and indirectly. To ensure good relations, regular meetings are held with local leaders and representatives in all communities where we have a presence.

Our stakeholder engagement work is carried out in accordance with the IFC's Performance Standards and the Equator Principles.

In 2021, we had several projects under development and three projects in the final phase of construction, 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.

Targets and performance 2021

Stakeholder engagement

- We developed stakeholder engagement plans and ensured early presence of local stakeholder teams on the ground for all relevant projects in 2021.
- In Brazil, we tailored and introduced digital tools in both mapping and consulting with project stakeholders, including web-based questionnaires, improving the overall documentation of the consultations.

Local job creation

- Scatec has cumulatively close to 18,000 direct jobs from projects under construction to date, the majority largely local and unskilled labour.
- One of our 2021 targets was to appoint a Community Liaison Officer (CLO) in each project. This continues to be a central part of our local hiring and stakeholder management approach, and we are proud to have reached this target.

Biweekly progress reports

to Executive Management on material matters raised by communities

18,000



direct jobs created from projects under construction to date

PERMANENT POSITIONS

KEY PERFORMANCE INDICATORS	UNIT	ACTUAL 2021	ACTUAL 2020	ACTUAL 2019
Plant managers based on site	number	22	19	15
Operation and Maintenance operators based on site	number	74	66	65
Community Liaison Officers	number	21	20	18

Grievances

- In 2021, the total number of grievances received from projects in operation and under site construction amounted to 28, of which 79% were resolved as of the publication of this report.
- The unresolved grievances at year-end 2021 relate to a flooding incident at our Agua Fria site in Honduras that affected a nearby community.
- We are working to establish long-term solutions with all relevant stakeholders to prevent the flooding issue in future.
- During the year, we completed a full review of our grievance mechanism reporting platform and identified improvement areas to be implemented in 2022.
- Refer to our [corporate website](#) for more information on our grievance mechanism and process.

79%
grievances resolved

GRIEVANCES

KEY PERFORMANCE INDICATORS	UNIT	ACTUAL 2021	ACTUAL 2020	ACTUAL 2019
Grievances received	number	28	79	174
Grievances addressed and resolved	number	22	65	137

Community investments ⁷⁾

- Scatec plans and implements local development programmes in line with our Community Investment Procedure in the communities where we have operations.
- Aligned to our target for 2021, we developed performance metrics to measure the impact of our community investments in our priority activity areas of education, healthcare and infrastructure provision.
- In 2021, three community PV projects were initiated, and one was completed in Honduras.

50+
local
development
programmes

Key initiatives and highlights

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

Key learnings

- In 2021, we updated our global community investments database and critically reviewed our reporting indicators to move from short-term output-based metrics to longer-term impact metrics.
- From our engagement with key stakeholders in our materiality assessment process during 2021, we received valuable input relating to our community investment focus. This included the importance of early engagement and long-term focus, managing expectations on the ground and measuring the actual impact of our programmes.

⁷⁾ The voluntary initiatives that contribute to the long-term common good of local communities 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.

Egypt: Cattle Head Project

The Cattle Head Project promotes decent work and economic growth in the Governorate of Aswan and rural villages of Benban.

How we worked together

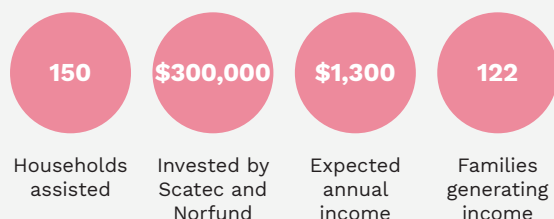
Working with local NGO Orman Association, Scatec provided a cow to 150 households each, prioritising female-headed households. The households will generate income through selling milk and dairy products, as well as calves. As a long-term engagement, the project will be monitored for two years.

Benban, Egypt, 380 MW: In 2017, Scatec signed 25-year Power Purchase Agreements for delivery of electricity from six projects totalling 380 MW with the Government of Egypt. The Benban site near Aswan in Upper Egypt is Scatec's largest and our first project using bifacial solar modules.



Community investments are our voluntary initiatives that contribute to the long-term common good of local communities 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.

Key results



STAKEHOLDERS	INTEREST
Dar EL Orman Association	Main Stakeholder and partner: provided 61,836 cattle head to poor families since 2000
Aswan Governorate	Interested in combating poverty and facilitates the process
Social Solidarity	Possesses relevant databases for selection of the families in need
Veterinary Administration	Helps in selection of the animals and follow-up on animal health
Department of Agriculture	Access to Animal Fodder

Targets

- Establish minimum one long-term⁸⁾ local development programme in all new projects.
- Ensure all new local development programmes have a clear monitoring and evaluation (M&E) and reporting plan – monitored on a quarterly basis.
- Appoint one Community Liaison Officer (CLO) in each project.
- Directly hire 80% local labour during the peak construction period of a project.

8) 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).

Governance



Ethical business conduct



The renewables industry is built by people who believe in a better future. Some of the countries where we are present are vulnerable to corruption and can make our work challenging. To prevent corruption and other unethical practices, we make extensive efforts in our projects and operations.

Key risks:

- High risk markets
- High value investments
- Government interactions

Key opportunities:

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



Governing documents
More 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 prohibits all forms of corruption, and we implement internal controls to prevent, detect and remedy improper conduct through our [Anti-Corruption Programme](#). Our approach is risk-based, and we keep a special focus on markets and activities particularly exposed to corruption.

Targets and performance 2021

- In line with our 2021 target, we strengthened our risk-based Integrity Due Diligence (IDD) processes to vet our business partners. We risk-assessed more than 630 third parties globally.
- We developed a corruption country risk assessment methodology and applied the risk assessment to our operations in six countries: Argentina, Bangladesh, Brazil, Honduras, Pakistan and South Africa.
- We had zero confirmed incidents of corruption and seven whistleblowing incidents in 2021. All were addressed and resolved during the year.
- We continued to strengthen our global Compliance Officer Network through shared experience and discussions, including placement of a new Local Compliance Officer in Pakistan and a new Regional Compliance Officer for Southern Africa.
- 89% of our employees completed Scatec's Code of Conduct training, which is mandatory for all employees.
- A key focus for 2021 was to review our Anti-Corruption Programme in order to incorporate key risks for all technologies including hydro and wind power.

89%



employee participation
in Code of Conduct
training in 2021

7



whistleblowing incidents
reported in 2021

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 eight languages. All whistleblowings have the option to be anonymous.

Number of incidents reported in 2021: **7**

Related to potential corruption: **4**

Related to discrimination: **3**

Key initiatives and highlights

- Our Whistleblowing channel was translated into six languages in 2021 to better cover our global presence.
- In 2021, we held five targeted trainings across different business functions to further embed our compliance programme into our organisation.
- We translated our Code of Conduct into five languages and continued with our corporate gamified training to make learning more interactive.

Key learnings

- During the year, the scope and applicability of our IDD processes were assessed to ensure that the tracking and traceability of non-compliance and non-conformances are uniformly documented throughout the organisation.
- Scatec will continue to focus on the establishment of a compliance network in regions and countries where this is not fully implemented.

Targets

- Streamline and integrate our IDD process for third parties across all relevant business units to meet evolving risks and expected growth.
- Training 100% of all employees in our Code of Conduct and anti-corruption training to build our corporate compliance culture.
- Increase our regional capacity to manage compliance issues through our Global Compliance Network.

Frameworks and assurance

Alignment with GRI

Refer to our [corporate website](#) for our GRI Index.

External assurance

Refer to our [corporate website](#) for our EY limited assurance statement.

Alignment with EU Taxonomy

Refer to our complete EU Taxonomy alignment statement and related documentation on our [corporate website](#).

DESCRIPTION	ALIGNMENT	SCATEC REFERENCE
GHG emissions		
<p>Lifecycle assessment of greenhouse gas (GHG) emissions for hydropower assets, in line with the technical screening criteria of the EU Taxonomy.</p> <p>The threshold of lifecycle emissions in the Taxonomy is set to 100g CO₂/kWh.</p>	<ul style="list-style-type: none"> The lifecycle emissions of Scatec's hydropower assets are estimated to be significantly below the threshold, ranging from 1.2-21.6g CO₂/kWh. The assessment was carried out by the International Hydropower Association (IHA) and is available under ESG resources on our corporate website. 	<p>Annual report 2021 page 7 ESG Performance Report 2021 page 14-17 IHA Verification Statement 2021 page 1</p>
Do No Significant Harm principle (DNSH)		
<p>The physical climate risks that are material to the activity have been identified from those listed by performing a robust climate risk and vulnerability assessment with the following steps:</p> <p>a) screening of the activity to identify which physical climate risks may affect the performance of the economic activity during its expected lifetime;</p> <p>b) where the activity is assessed to be at risk from one or more of the physical climate risks, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;</p> <p>c) an assessment of adaptation solutions that can reduce the identified physical climate risk.</p>	<ul style="list-style-type: none"> The assessment of the DNSH principle of the EU Taxonomy Annex 1 technical screening criteria confirmed that the assets are aligned with the Taxonomy DNSH criteria, but lack a detailed site-specific climate risk assessment. Such assessments are currently being implemented in order for the assets to be Taxonomy aligned by year-end 2022. 	<p>ESG Performance Report 2021 page 14-17 IHA Verification Statement 2021 page 1</p>

Alignment with TCFD

Refer to our TCFD Report 2021 on our [corporate website](#).

RECOMMENDED DISCLOSURE	SCATEC RESPONSE	SCATEC REFERENCE
Governance		
a) screening of the activity to identify which physical climate risks from the list in Section II of this Appendix may affect the performance of the economic activity during its expected lifetime;	<ul style="list-style-type: none"> 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. 	TCFD Report 2021
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	<ul style="list-style-type: none"> 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. In 2020 we applied scenario analysis based on Bloomberg New Energy Finance's New Energy Outlook (BNEF NEO) to support our strategy and business decisions. In 2021 we assessed scenario analysis aligned with TCFD's recommendations during 2021. 	TCFD Report 2021
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.		
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> 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. 	Annual Report 2021 page 23 TCFD Report 2021
b) Describe the organisation's processes for managing climate-related risks.		
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.		
Metrics and targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> Our carbon footprint accounting is in accordance with the Greenhouse Gas (GHG) protocol and has been calculated since 2018. 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). 	Annual report 2021 page 7 ESG Performance Report 2021 pages 5-6, 14-17 TCFD Report 2021
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		



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.	Annual report 2021 page 4-5, 12 ESG Performance Report 2021 pages 3-4, 12-14
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.	Annual report 2021 page 20-21 ESG Performance Report 2021 pages 22-24, 30-31
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 mobilise and share knowledge, expertise, technology, and financial resources, to support the achievement of the SDGs in all countries, in particular developing countries.	Annual report 2021 page 14-16 ESG Performance Report 2021 pages 7, 10, 27-29, 32-34, 36-37



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