

Being a trusted business partner



Health and Safety



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

Key risks:

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

Key opportunities:

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



[Corporate policies](#)

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

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

Our achievements and results in 2020

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

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

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

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



LTIF 0.6

Lost Time
Incident Frequency
Per million hours worked



TRIF 1.1

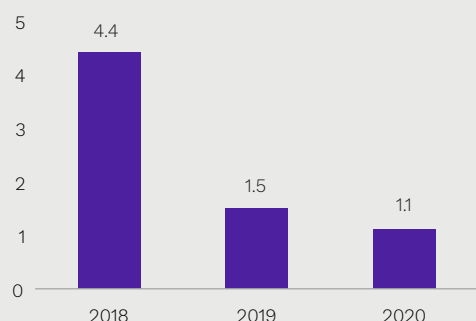
Total Recordable
Injury Frequency
Per million hours worked



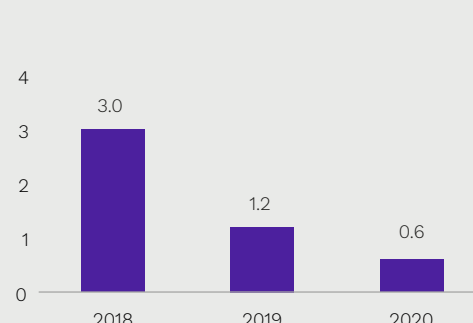
**1.5 High
potential
incidents**

Key statistics 2020

TRIF Total recordable injury frequency



LTIF Lost time incident frequency



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

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

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

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

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

HSSE audits

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

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

Contractor management remains a critical risk area

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



100%

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



Global security practices

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

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

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

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

Our ambitions and goals

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

Two recordable incidents related to traffic accidents
registered in 2020



| KEY PERFORMANCE INDICATOR | TARGETS 2021 |
|--|--------------|
| Fatalities | 0 |
| LTIF (Lost time incidents frequency) | ≤ 0.6 |
| TRIF (Total recordable injury frequency) | ≤ 1.1 |
| Sick leave ¹⁾ | ≤ 2% |
| High Potential Incidents | ≤ 1.5 |

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

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

Anti-corruption



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

Key risks:

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

Key opportunities:

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



[Corporate policies](#)

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

Anti-Corruption programme

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

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

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

Corruption risk assessments

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

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

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



The Transparency International Corruption Perceptions Index

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

Our achievements and results in 2020

Anti-Corruption risk assessments

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

Strengthening our Code of Conduct

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

100%

of all employees trained
in our Code of Conduct



Global and regional compliance networks

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

Documenting and tracking Integrity Due Diligence

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

Whistleblower function

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

independent nature and current operation of the Whistleblower Function.

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

Related to potential corruption: **0**

Related to discrimination: **2**



Zero confirmed
incidents of
corruption in 2020

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

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

Training and awareness

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

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

Our ambitions and goals

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

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



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

- Snorre Valdimarsson, EVP Legal

Responsible Supply Chain



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

Key risks:

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

Key opportunities:

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



[Corporate policies](#)

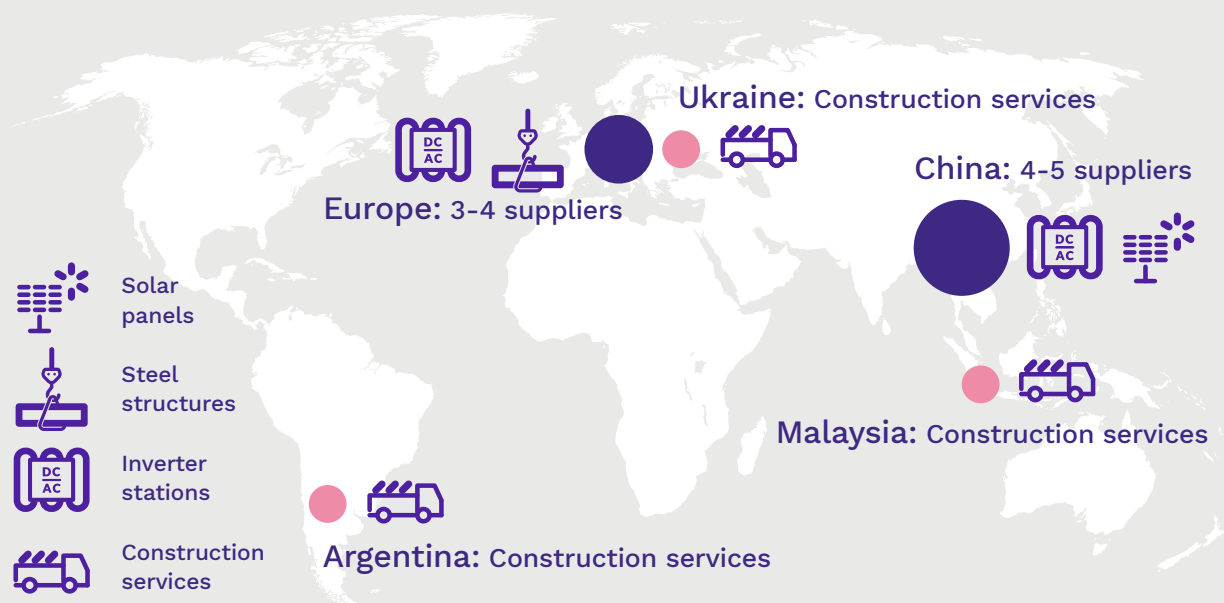
Scatec purchases goods and services from a wide variety of suppliers, ranging from large international organisations to specialist local suppliers worldwide. We mainly source services and components during the development and construction phases of our projects.

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

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

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

Global supply chain overview 2020



Three-stage screening process



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



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



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

Our three-stage screening process

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

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

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



Key focus 2020:

Closer engagement with suppliers



Mapping ESG risk

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

Lifecycle management

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

Our achievements and results in 2020

Understanding our supply chain

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

Supplier screenings and audits

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

100%

Environmental and social screening of new suppliers in 2020



Stronger supplier engagement

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

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

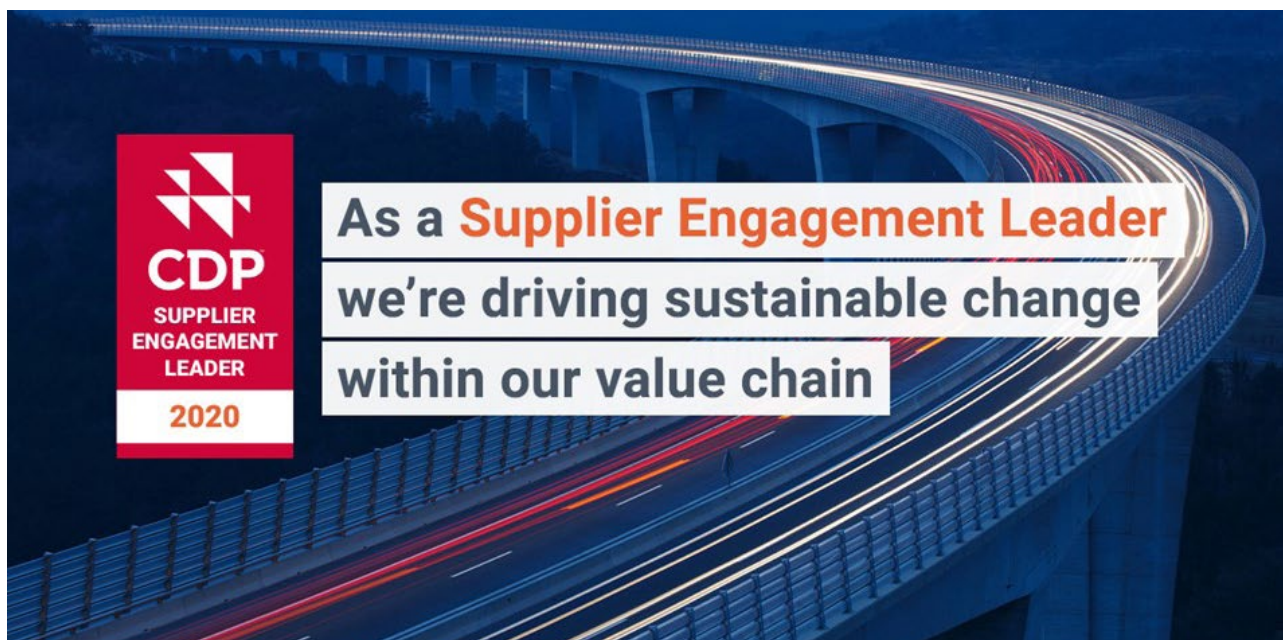
By working with our suppliers to better understand their emissions and ambitions, we are building our knowledge base and sharing experiences that mutually benefits us and our suppliers.

Among the Top 7% of companies

assessed for supplier engagement on climate change, based on our 2020 CDP disclosure

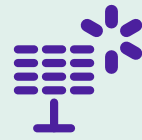


As a Supplier Engagement Leader
we're driving sustainable change
within our value chain



Human and labour rights in China

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



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

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

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

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

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

Conflict minerals regulation and our approach

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

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

Our ambitions and goals

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

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

Conflict minerals

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

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

Our People



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

Key risks:

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

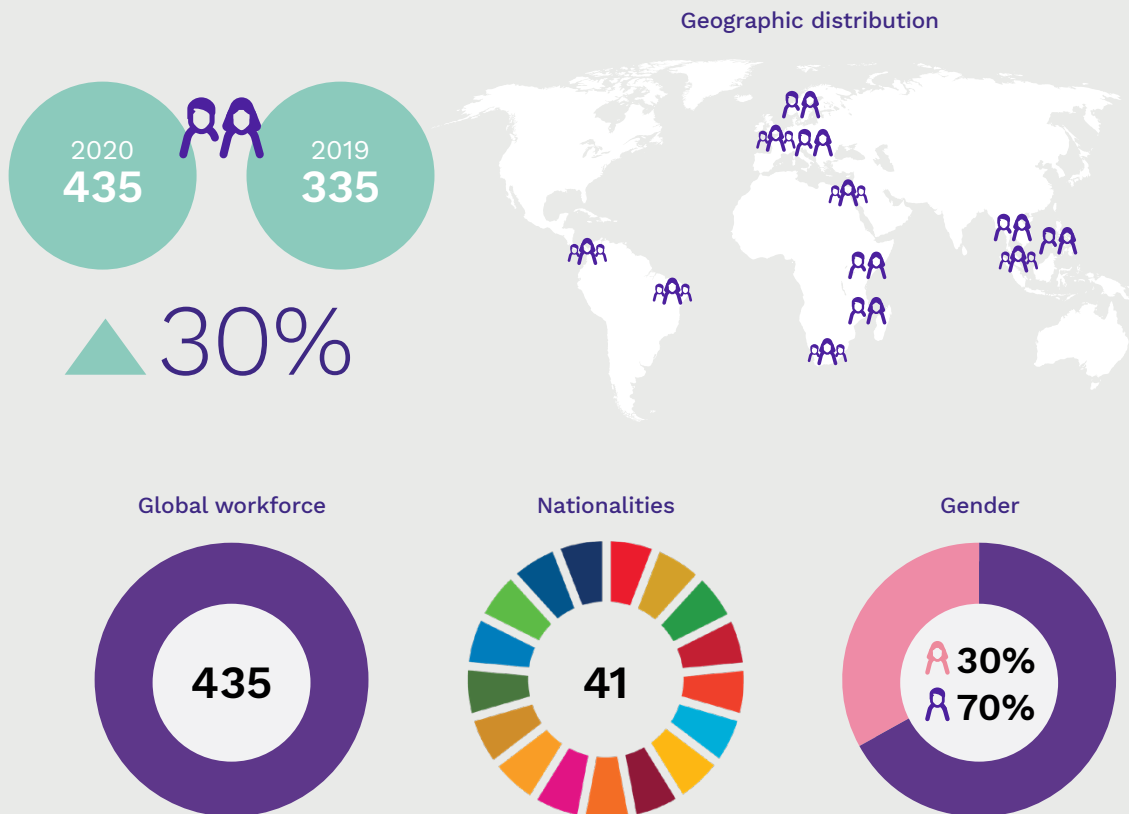
Key opportunities:

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



[Corporate policies](#)

Employee statistics 2020



Achievements and results

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

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

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

46%

female workers
at our headquarters
in 2020



Diversity and inclusion – a key priority

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

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

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

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

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

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

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

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



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

Human capital development initiatives



Customised online learning:

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



Learn@Lunch:

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



Leadership development:

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

Our ambitions and goals

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

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

Key highlights:

Employee engagement survey 2020



Positive trend on all questions



Are proud to tell others they work at Scatec



Says Scatec is a great place to work



Says management keeps them informed about issues and changes



