

Key highlights 2020

CLIMATE ACTION

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

#1 FOR LOW RISK AND TOP ESG RATINGS

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

IMPROVING ESG PERFORMANCE

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

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



Conducting business during the pandemic

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



All plants in full operation in 2020



COVID 19
relief efforts across all 11 countries with operations



Employee well-being
initiatives

Governance



Governance

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

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

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

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

Compliance

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



IFC Performance Standards

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



The Equator Principles

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



Guidelines for Multinationals

Recommendations from governments to multinational enterprises on responsible business conduct.

Sustainability reporting



Reporting frameworks

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

2020 key reporting results

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

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

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



THE
GOVERNANCE
GROUP

ESG 100
ESG reporting:

A

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



Climate reporting
and transparency:

A-List

Top score

Carbon Disclosure Project



Supplier Engagement
Leaderboard on Climate:

A

Top score

Carbon Disclosure Project

External assurance

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

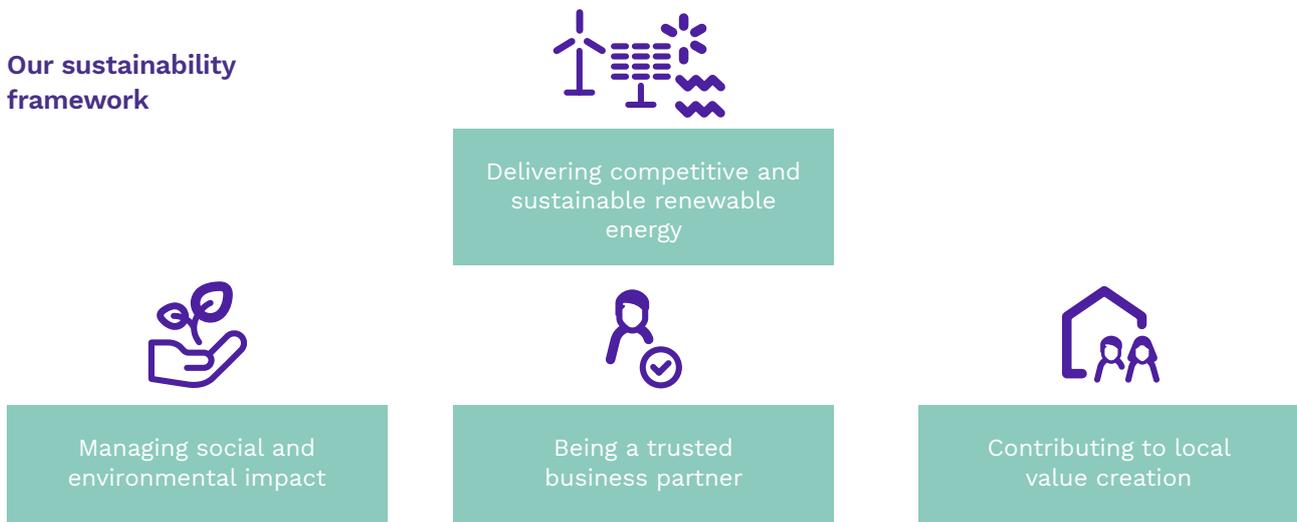
Feedback and contact

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

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

Sustainability priorities

Our sustainability framework



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

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

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

Stakeholder engagement and material topics

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

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

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

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

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

The EU Taxonomy:

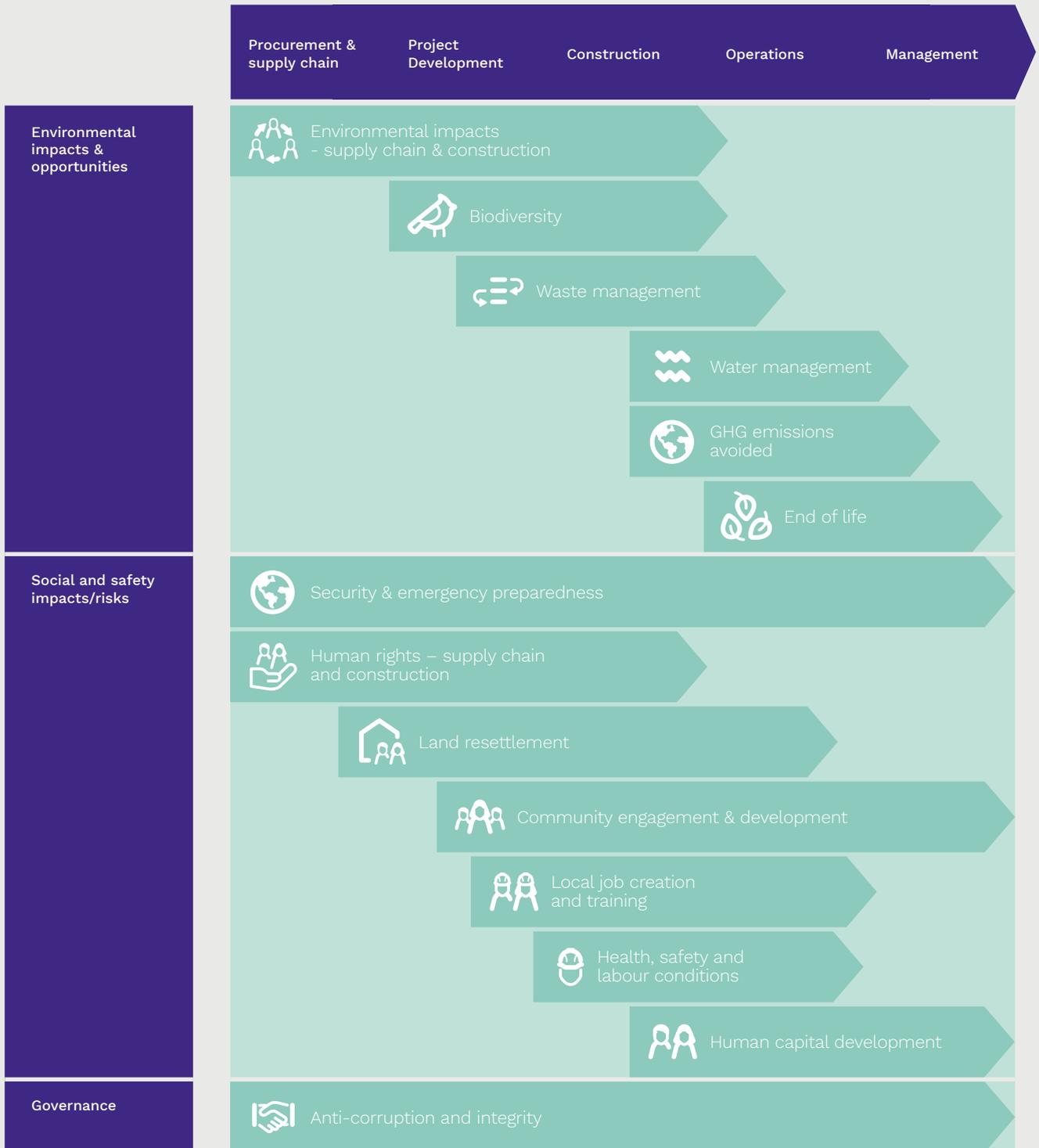
- A classification system with criteria for which economic activities can be considered environmentally sustainable
- Large companies will be required to disclose to what extent their turnover, investments and operational costs align with the Taxonomy

Our approach:

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

Material ESG topics in our value chain

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



Key results 2020

MANAGING ENVIRONMENTAL AND SOCIAL IMPACT

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

✓ Completed

🕒 In process

BEING A TRUSTED BUSINESS PARTNER

TARGETS FOR 2020	KEY RESULTS 2020	
<p>Anti-corruption</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Mandatory anti-corruption training for all employees, including new Code of Conduct module offered to new employees with a target completion rate of 100% <input checked="" type="checkbox"/> Establish compliance network for global and regional compliance officers 	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Code of conduct trainings organised with participation by all employees in 2020.</p> </div> <div style="text-align: center;"> <p>Compliance network established for Latin-America Compliance network for Eurasia will be a priority for 2021.</p> </div> </div>	
<p>HSSE</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Fatalities: 0 Serious injuries: 0 TRIF: ≤ 3,5 LTIF: ≤ 2.0 Sick leave ≤ 2% 	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>2020 statistics</p> <p>Fatalities: 0 Sick leave: 1.0% High potential incidents: 1.5</p> </div> <div style="width: 30%;"> <p>LTIF 0.6</p> <p>Lost Time Incident Frequency Per million hours worked</p> </div> <div style="width: 30%;"> <p>TRIF 1.1</p> <p>Total Recordable Injury Frequency Per million hours worked</p> </div> </div> <p style="margin-top: 20px;">All main contractors audited in 2020. Successful completion of DNV-GL ISO audit.</p> 	
<p>Responsible Supply Chain</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ensure all suppliers have policies or statements and measures in place to confirm that their products are free from conflict minerals <input checked="" type="checkbox"/> To plan and organise a Supplier Sustainability Initiative for key suppliers as part of our supplier development programme 	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 60%;"> <p>Conflict minerals policy under development in 2020 to be integrated into our Supplier Code of Conduct in 2021.</p> <p>Supplier Sustainability Initiative with two strategic suppliers organised in 2020 on climate-related matters</p> </div> <div style="width: 35%; text-align: center;">  <p>Environmental & social screening of new key suppliers in 2020</p>  </div> </div>	
<p>Our People</p> <ul style="list-style-type: none"> <input type="checkbox"/> Increase percentage of female employees globally by 10% <input checked="" type="checkbox"/> Performance Management: 100% participation by all employees in our annual Performance, Development and Appraisal (PDA) process <input checked="" type="checkbox"/> Systematically train and develop more than 50 leaders in our organisation through our annual leadership development program and regular management strategy sessions 	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 30%; text-align: center;">  <p>Female employees</p> </div> <div style="width: 60%;"> <p>Gender diversity: Increased the number of full-time female employees by 9% in 2020. The % of employees who are female remained similar to 2019.</p> <p>100% participation in our Performance Management process in 2020.</p> </div> <div style="width: 10%; text-align: center;">  </div> </div> <div style="margin-top: 20px; display: flex; justify-content: space-between; align-items: center;"> <div style="width: 20%; text-align: center;">  </div> <div style="width: 70%;"> <p>More than 50 leaders trained, 45% female as part of our m-power leadership programme over the last two years.</p> </div> </div>	

CONTRIBUTING TO LOCAL VALUE CREATION

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

 Completed

 In process

Key targets 2021



E

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

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

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

G

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