



Sustainability Report

2018



Our vision

Improving our future

Our mission

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

Our values

Predictable
Working together
Driving results
Changemakers

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Growing responsibly

With ten projects under construction in eight countries across four continents, our ability to manage risks and challenges in complex markets has been tested on many fronts.

Our rapid global expansion requires tremendous efforts from all our people, to ensure that we maintain high standards while delivering on our commitments.

In 2018, we delivered about 6.3 million working hours without any serious injuries, a remarkable achievement considering that the majority of the nearly 6,000 construction workers recruited from surrounding communities are unskilled. A core element of our sustainability work is local training and knowledge transfer – many of the people we hire have never worked for a corporation before. It becomes our responsibility to train and guide them along the way to support further development in the local communities.

Executing several parallel projects is logistically complex. During 2018, our global procurement teams ensured that approximately 3,000 containers, covering a distance of more than 6 million kilometres by road, were transported safely to their respective project sites.

Our sustainability work was also tested in many ways in 2018. We successfully grid connected the Los Prados plant in Honduras after incidents of social unrest and challenges with local community relations. It was a tough process. Our local project team showed impressive dedication and endurance in getting this project to the finish line. In Mozambique, we implemented a livelihood restoration programme for 220

local households in line with the IFC Performance Standards. Every step was carefully monitored by us and our project partners. We also made significant efforts during the year to raise environmental and social standards in our six projects under construction in Egypt.

Stakeholder engagement is of the utmost importance to us. In addition to our regular and continuous dialogue with our local stakeholders, we see increasing expectations for environmental and social governance from investor communities and other stakeholders. In particular, the requirements from financing and project partners are becoming stricter. We see this as a purely positive development for our industry.

In 2018 we continued our fast-tracked journey for sustainability reporting. We have maintained close dialogue with partners, shareholders, lenders, employees, and other stakeholders to get valuable inputs on their concerns and interests regarding sustainability. Their inputs help us target our reporting and focus on the sustainability issues that really matter to Scatec Solar's business.

In 2017, we began reporting in accordance with the Global Reporting Initiative (GRI). In 2018 we became a signatory to the UN Global Compact. This was a natural step for us. It reinforces our global commitment to responsible business



In 2018 we became a signatory to the UN Global Compact. This was a natural step for us and reinforces our global commitment to responsible business conduct in the four key areas of labour conditions, human rights, environment and anti-corruption.



conduct in the four key areas of labour conditions, human rights, environment and anti-corruption. By operating in line with recognized principles across these areas, businesses make an essential contribution to the Sustainable Development Goals. In 2018, we worked to review and better align our selection of SDGs to our core business, as well as to areas where we see substantial risks and opportunities. The result is that we now focus instead on fewer goals, those with measurable targets and increased impacts.

The more solar projects Scatec Solar develops, the larger positive climate impact we generate. In 2018, our operating solar power plants avoided about 650,000 tons of greenhouse gas emissions. These avoided emissions will more than double when projects currently under construction reach commercial operation. We also began preparations to report to the Carbon Disclosure Project (CDP) by assessing climate-related risks and opportunities and their impacts on our business.


Solar energy remains the fastest-growing renewable energy source in the world. We see substantial opportunities from rapid technology developments that open up for new business models and solutions. Our New Ventures unit is exploring a range of new technologies to offer better solutions to a broader market. Corporate power purchase agreements, robotics, and floating solar are just a few exciting examples.


We are truly enthusiastic to see what 2019 and beyond will bring. One thing is for sure: We will do our utmost to maintain our position as a sustainable company with the mission of lighting up emerging economies worldwide.


Raymond Carlsen (CEO)

Operating across the globe



 Solar power plants in operation: 584 MW

 Plants under construction: 1,071 MW

 Projects in backlog: 225 MW



In addition to projects in backlog, Scatec Solar holds a solid pipeline of projects totalling 4,454 MW across Latin America, Africa, Europe & Central Asia and Southeast Asia.



Employees:

246



In operation at year end:

584 MW



Full year 2018 production:

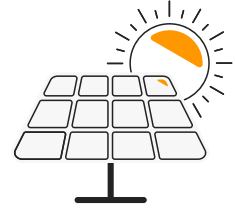
681 GWh



Greenhouse gas emissions avoided 2018:

650,000 tons of CO₂

How we work with sustainability



Clean and sustainable energy

Scatec Solar develops, builds, operates, and owns solar power plants that generate clean and reliable electricity. Electricity is vital for the economic growth of nations and human welfare. We strive to increase access to clean, affordable, and renewable electricity generation in emerging markets.

Governance

Sustainability is an integral part of our organisation and is embedded in all business units including project development, solutions/execution, asset management, and operations. The sustainability team in each country consists of both corporate support teams and specialists, as well as fieldworkers who report to the global headquarters and ultimately to the Executive Vice President of Sustainability, who forms part of the Management team reporting directly to the Board of Directors. The sustainability team develops key performance indicators reviewed by the Management annually. When relevant, both the Management and the Board of Directors review specific sustainability topics including health, safety,

security, and environment (HSSE), corruption, procurement, environmental and social impacts, and stakeholder engagement, usually on a monthly basis.

Scatec Solar has developed a policy for each material sustainability topic outlining the key principles and management approach governing the way we operate and address issues. The policy statements and management approach for material topics can be found at the beginning of each chapter of this report. Further information on our corporate governance can be found in the annual report and on our corporate website.

Compliance

Scatec Solar 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. We work with trusted partners such as the IFC, Norfund, KLP, and several larger development banks that all have high standards for the projects and their associated impacts.

IFC's Performance Standards

IFC's Environmental and Social Performance Standards define IFC clients' responsibilities for managing their environmental and social risks

www.ifc.org

The Equator Principles

A risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risk in development projects

www.equator-principles.com



Key highlights 2018



Projects



Doubled installed capacity

Grid connected 262 MW in 2018 - nearly doubled our installed capacity

650,000 tons of CO₂ emissions reduced from our solar plants in operation in 2018

3.5 GW Targeting 3.5 GW in operation and under construction by the end of 2021

People



Zero serious injuries

Delivered 6.3 mill working hours with no serious injuries

6,000 jobs created in projects under construction - the majority local and unskilled labour

Diversity Our total global workforce is represented by 32 nationalities

Learnings



Community relations

Grid connected the Los Prados plant in Honduras after social unrest locally, in large part caused by misinformation and resolved through a stronger social team and improved dialogue and interactions with the communities

Resettlement

Livelihood restoration programme for 220 local households in Mozambique in line with IFC's Performance Standards

Compliance Strong efforts with Environmental & Social management to ensure compliance of all contractors and business partners with international standards and requirements in Egypt and other ongoing projects

Sustainability reporting

Highlights 2018:



Best sustainability reporting: Ranked amongst the top 15 companies of the 100 largest listed companies in Norway by The Governance Group



Global commitment: Became a signatory to the UN Global Compact to reinforce our commitment to its ten principles relating to labour conditions, human rights, environment and anti-corruption



Sustainable Development Goals: Aligning the SDGs with our core business, risks and opportunities and stakeholder feedback



Climate reporting: Preparing for reporting to the CDP (Carbon Disclosure Project) in 2019

2018 has been a year to challenge our company to move closer to best practices in sustainability reporting. We want to make it easier for our stakeholders to evaluate our sustainability work and performance through more relevant and consistent reporting. We continue this effort in 2019.

We pursued several new global initiatives in 2018, including the UN Global Compact and the Carbon Disclosure Project (CDP).

We also spent considerable time engaging with several key stakeholders including partners, shareholders, lenders, and employees to make sure we have a clear understanding of their concerns and interests regarding sustainability.



About this report

This report is prepared in accordance with the Global Reporting Initiative (GRI) Core Level. The climate reporting has been externally assured by DNV GL. We regard this report to be our Communication on Progress to the United Nations Global Compact (UNGC). In our opinion, we meet the requirements of the UNGC Active Level.

Our ambition is to be a sustainable business with regard 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 work for continuous improvement. For comments, questions or suggestions, please contact Julie Hamre, Senior Sustainability Advisor: julie.hamre@scatecsolar.com

Sustainability priorities

The backbone of sustainability reporting is a materiality assessment.

This is a process of engaging with stakeholders to understand what types of topics and issues concern them.

During 2018 we reviewed our sustainability priorities by reaching out to a range of internal and external stakeholders to get input and feedback on what sustainability issues and topics are most important to them.

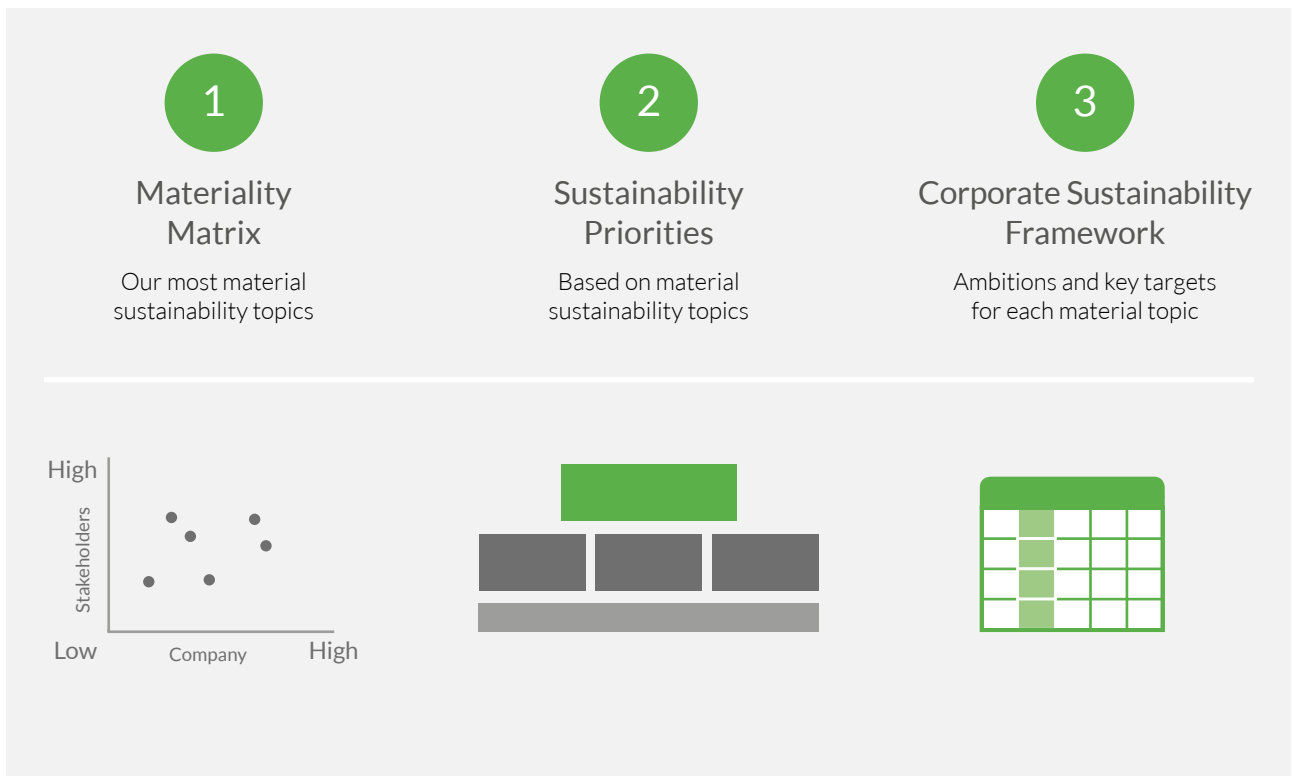
Internal:

Survey to rank sustainability topics for the Company's Board of Directors, Management, and a broad range of

employees from business units including Supply Chain, HSSE, Sustainability/Compliance, Business Development, Project Finance, and New Ventures.

External:

Interviews with a range of key external stakeholders including project partners, shareholders, lenders, and experts in the sustainability field.



Our sustainability priorities are derived from close dialogue with key internal and external stakeholders.



National governments and customers



Local governments and communities



Co-investors and partners



NGOs



Financing partners

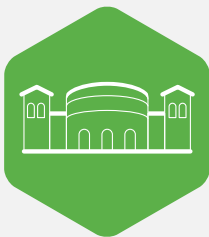
Our stakeholder groups



Suppliers



Shareholders



Norwegian government

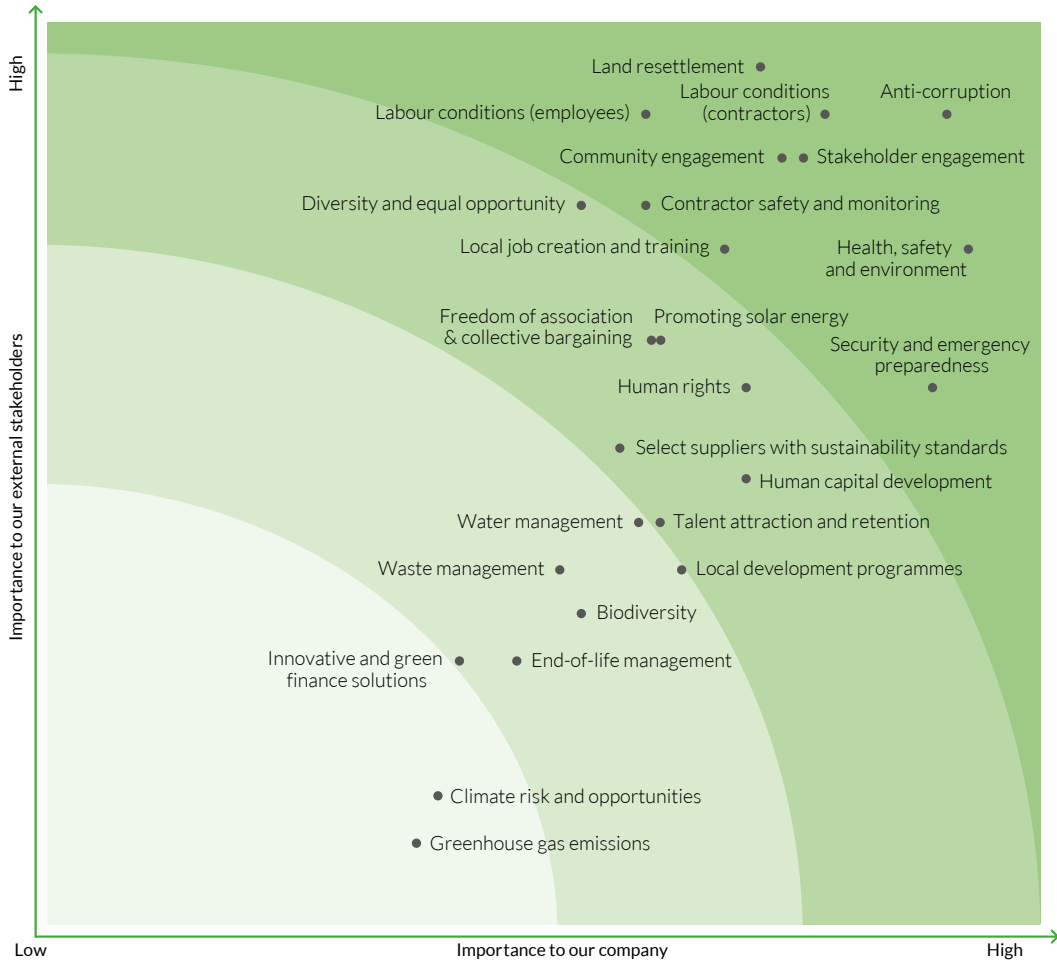


Contractors



Employees

1. Materiality matrix: Our most material sustainability topics



See appendix, section 2, for a definition of each topic in the matrix.

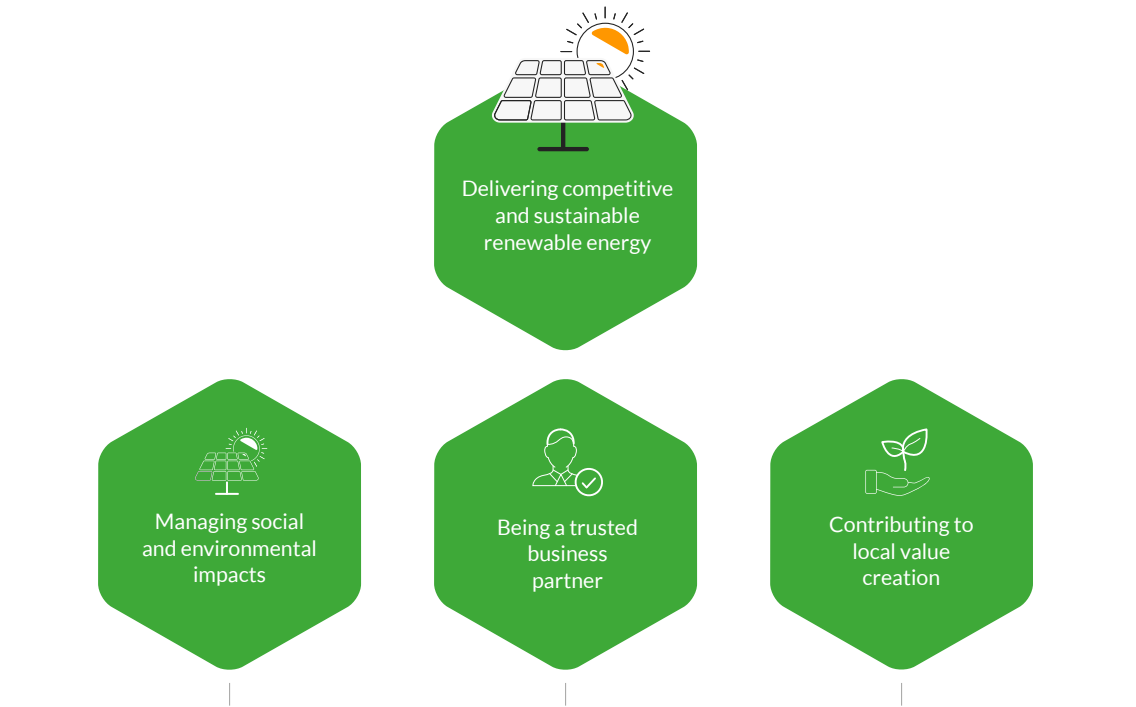
Our material topics are selected based on two sources; stakeholder expectations and internal strategic priorities. Stakeholder expectations are mapped through formal interviews, and in dialogue with our local stakeholders as part of our daily business on the ground. We also receive stakeholder feedback at the corporate level through dialogues with investors, regulators, and financiers.

Internal priorities are mapped through a sustainability survey. Topics of high external and internal importance receive the highest degree of management attention. For such topics, clear goals are established, monitored regularly, and reported externally. See appendix, section 1, for more details on stakeholders' interests and concerns. The matrix serves as the basis for our corporate sustainability framework and reporting.



We identify and prioritise the sustainability issues that matter most to our business and stakeholders.

2. Sustainability priorities



Our overall company goal is to deliver competitive and sustainable renewable energy. Three main sustainability pillars contribute towards achieving this goal:

- Managing social and environmental impacts
- Being a trusted business partner
- Contributing to local value creation

Our corporate sustainability framework incorporates all material topics of importance to stakeholders and our company. Each topic is defined by a policy, an evaluation of results in 2018, and a set of targets to be measured and to guide our work for 2019.

Managing social and environmental impacts

- We develop solar projects with potential to impact local communities and the environment
- Our activities are conducted in line with international standards for labour rights and working conditions, pollution prevention, community health and safety, human rights, land acquisition and involuntary resettlement, biodiversity conservation, indigenous people, and cultural heritage.

Key guidance: IFC's Performance Standards, Equator Principles, and the Universal Declaration of Human Rights

Being a trusted business partner

- We operate in several emerging markets with complex political and social contexts.
- Accountability and transparency are key to ensuring ethical and responsible business conduct. We maintain high standards regarding anti-corruption, labour rights and working conditions, human rights, and responsible procurement.

Key guidance: International Labour Organization (ILO) and the Universal Declaration of Human Rights

Contributing to local value creation

- Our solar plants are embedded in local communities for 20–25 years.
- Solid interaction and good relations with our project neighbours are essential. We always make sure to employ local labour, to identify local needs in our community development programmes, and to maintain open and transparent dialogue with relevant stakeholders.

Key guidance: UN Sustainable Development Goals and IFC's Performance Standards

3. Corporate Sustainability Framework

Our Corporate Sustainability Framework is presented on the next page with key ambitions and targets. We are in the process of developing a longer-term approach to the framework and targets.



OVERALL COMPANY GOAL
SUSTAINABILITY PILLARS
KEY AMBITIONS
TARGETS

DELIVERING COMPETITIVE AND SUSTAINABLE RENEWABLE ENERGY		
		
MANAGING SOCIAL AND ENVIRONMENTAL IMPACTS	BEING A TRUSTED BUSINESS PARTNER	CONTRIBUTING TO LOCAL VALUE CREATION
	 	
<ul style="list-style-type: none"> Operate all projects in line with the IFC's Performance Standards and the Equator Principles Maintain an active dialogue during the project phases with key stakeholder groups Identify risks to and impacts on employees, communities, and the environment. Avoid, minimize, and compensate for negative impacts throughout the life of projects Monitor the total climate effect from our projects during all project phases 	<ul style="list-style-type: none"> Maintain a zero-tolerance for bribery and corruption Continuously work for zero harm to personnel, assets, and the environment Define and communicate the health and safety standards to our employees and subcontractors Work with suppliers to promote sustainable business practices and monitor compliance through regular audits and interactions 	<ul style="list-style-type: none"> Employ local labour, enable knowledge transfer, and create jobs in local communities Maintain open and transparent dialogue with project neighbours and other relevant stakeholders Identify needs in the local communities for our community development programmes
<p>Environmental and social compliance</p> <ul style="list-style-type: none"> Conduct Environmental and Social Impact Assessments (ESIA) for all projects Develop Environmental and Social Action Plans (ESAP) for all projects and follow up on all required activities Target 100% reporting of non-compliance across all projects Create follow-up plans with deadlines for all non-compliance across projects <p>Human rights</p> <ul style="list-style-type: none"> Develop a corporate policy on human rights in line with the Universal Declaration of Human Rights and the ILO Integrate human rights aspects into the standardized training for all our managers, Community Liaison Officers, and security personnel globally <p>Climate action</p> <ul style="list-style-type: none"> Increase annual emissions avoided by our solar plants by 500,000 tonnes of CO₂ by the end of 2019 Start to report to the Carbon Disclosure Project (CDP) in 2019 	<p>Anti-corruption</p> <ul style="list-style-type: none"> Mandatory anti-corruption training for all employees, offered to new employees on a quarterly basis with a target completion rate of 100% over a 2-year period Provide extended anti-corruption training for particularly exposed business units <p>HSSE</p> <ul style="list-style-type: none"> Work to achieve the following HSSE targets: <ul style="list-style-type: none"> Fatalities: 0 Serious injuries with disabilities: 0 Total Recordable Injury Frequency (TRIF): ≤ 3.9 Lost Time Injury Frequency (LTIF): ≤ 2.5 Minimum one audit of all main contractors working on project sites Develop and implement country-specific HSSE management systems <p>Responsible procurement</p> <ul style="list-style-type: none"> Conduct internal reviews of our existing due diligence process for selecting suppliers and make any necessary improvements Review the risk of conflict minerals in our supply chain and ensure that all high-risk suppliers have policies and QA systems covering conflict minerals Develop and implement a corporate policy on conflict minerals <p>Our people</p> <ul style="list-style-type: none"> Increase the percentage of female employees globally by 10% Performance Management: 100% participation by all employees in our annual Performance, Development and Appraisal (PDA) process 	<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 in all projects Resolve all project grievances within two months of their registration <p>Local job creation</p> <ul style="list-style-type: none"> Hire 70–80% local workers in every project during the construction phase <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 Minimum one long-term education-related programme in all projects Start to implement small-scale solar PV projects to benefit local communities in new projects – implement at least one new project in 2019

UN Sustainable Development Goals



The United Nations Sustainable Development Goals (SDGs) are a collection of 17 global goals that together represent a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. Scatec Solar has a fortunate starting point for contributing to several of the SDGs such as Goal 7: Affordable and Clean Energy.

Review and prioritisation of SDGs

In 2018, we decided to take a step back to review where Scatec Solar can contribute the most to the SDGs. Several important factors were considered:

- **Our core business objectives and processes:** Align the selection of SDGs with our core business, risks, and opportunities and our sustainability priorities derived from our materiality assessment and stakeholder feedback.
- **Strongest contribution and keeping it simple:** Although we believe that Scatec Solar contributes to many of the SDGs, we focus on fewer goals for greater impact. We aimed to identify areas where we can maximise our impacts, but also areas where we see significant risk.
- **Feedback from key stakeholders:** We collected feedback from employees through an online survey about the SDGs and through active participation in several forums where we discussed our work and improvement areas relating to the SDGs, for example, a panel discussion led by Grete Faremo, Executive Director of UNOPS (United Nations Office for Project Services) on how the private sector can contribute to the SDGs and best-practice examples, and an event led by Sustainability Hub, with a range of sustainability professionals providing feedback on the SDGs and how businesses should incorporate them.

In 2019, we will work to set more specific targets for our contribution to each SDG and will consider whether we should include additional SDGs.

Three primary Sustainable Development Goals:



SDG 7: 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.

SDG 8: Providing safe and healthy working conditions for our employees and sub-contractors and protecting labour rights are identified as the most material topics for our business.

SDG 17: 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.

One secondary Sustainable Development Goal:



SDG 4: Education is selected as the core focus for our local development programmes. By specialising and gaining valuable experience that can be applied across projects, we escalate the effects of our programmes. We commit to having at least one long-term education-related programme in all our solar projects.

Affordable and clean energy



Access to energy is central to nearly every major challenge and opportunity the world faces today. It is fundamental for economic development and people's standard of living.

1 BILLION people live without electricity – half in Sub-Saharan Africa

Scatec Solar's main objective is to deliver competitive and sustainable solar energy globally. We currently have more than 1.6 GW installed capacity in operation and under construction in Europe, Africa, the Middle East, Latin America, and Asia.

By providing access to clean energy and increasing the share of renewable energy in the global energy mix, we contribute directly to SDG 7.



Small-scale solar PV projects

To address the "affordable" element of SDG 7, we have set a target to start implementing small-scale solar PV projects to benefit local communities surrounding our solar plants.

Target 2019: Plan, develop, and implement at least one small-scale community-based solar project

We will also work to make this a core element of our business offering in all new solar projects.

Installed capacity

584
MW

Under construction

1,071
MW

Target 2021

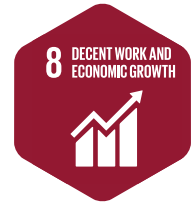
3.5
GW

Nearly doubled our installed capacity in 2018

Our main contribution is towards SDG 7 sub-targets:

- 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

Decent work and economic growth



Providing safe and healthy working environments for our employees and subcontractors and protecting labour rights are identified as the most material topics for our business.

Our solar projects contribute to job creation by employing local labourers and subcontractors as much as possible, regardless of whether this is a requirement. This policy supports the reduction of unemployment and transfers knowledge and technical skills to the communities where we are present.

6.3 million work hours

with no serious injuries across ten projects in eight countries

Job creation 2018: **6,000 jobs** from projects under construction, where the majority were unskilled from local communities

Our main contribution is towards SDG 8 sub-targets:

- 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

Multi-stakeholder partnerships



Our partnership-based approach is essential to our role as an integrated solar power producer. We always aim to select strong and trusted partners such as the IFC, Norfund, Equinor, KLP, and several major international development banks that all have the same high standards as we do for all projects and their associated impacts.

Scatec Solar's key contribution to SDG 17 is multi-stakeholder partnerships with governments, authorities, developers, financing partners, subcontractors, suppliers, shareholders, NGOs, and other stakeholder groups.

Some key partnerships in 2018:



- EBRD and FMO – 83 MW in Ukraine
- BNP Paribas - 47 MW in Malaysia
- Equinor – 117 MW in Argentina
- Standard Bank – 258 MW in South Africa

Our main contribution is towards SDG 17 sub-target:

Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources, to support the achievement of the SDGs in all countries, in particular developing countries

Climate action

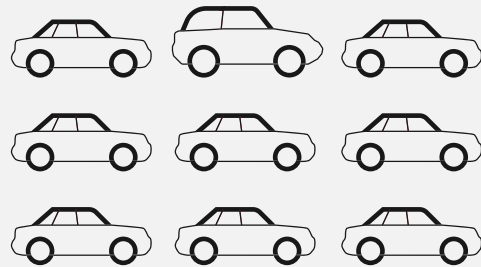


CO₂ emissions avoided¹⁾ from our solar plants globally:

Plants in operation in 2018 avoided: **650,000 tons of CO₂**
 Plants in operation in 2019 are expected to avoid: **1.5 million tons of CO₂**

1.5 million tons of CO₂ emissions

....is equivalent to the annual emissions from about 326,000²⁾ passenger vehicles

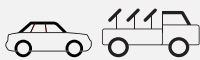


CO₂ emissions from our business activities:

Total greenhouse gas emissions for 2018: 10,412 tons of CO₂

Scope 1

Vehicles and Equipment



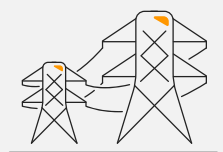
Diesel generators



Transformer stations



Scope 2



Purchased Electricity



Purchased Heating/Cooling

Scope 3



Business Air Travel

Scope 1:

Greenhouse gas emissions from sources that are owned or controlled by the company.

Scope 2:

Greenhouse gas emissions resulting from the generation of electricity, heat, or steam purchased by the company.

Scope 3:

Greenhouse gas emissions from sources not owned or directly controlled by the company but related to its business activities.

1) Source: Calculated based on local grid mix emission factors.

2) Source: United States Environmental Protection Agency, March 2018: Greenhouse Gas Emissions from a Typical Passenger Vehicle.

Managing environmental and social impacts



Managing our environmental and social impacts



The development of solar projects has environmental and social impacts. In alignment with Scatec Solar's policies, requirements of local legislation, and our commitment to international standards and best practices, we endeavour to minimise our negative impacts and to maximize local benefits in positive dialogue with project stakeholders.

Our achievements and results in 2018

We are committed to operate all our projects in line with the IFC's Performance Standards and the Equator Principles. According to the Equator Principles, all projects under construction in 2018 fall under "Category B" projects, meaning that they have "potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures".

How we manage our environmental and social impacts

Our project activities are conducted in accordance with local laws, corporate Company policies, and requirements defined by international standards including the IFC's Performance Standards and the Equator Principles for specific areas of impact including labour and working conditions, pollution prevention, community health and safety, land acquisition and involuntary resettlement, human rights, biodiversity conservation, indigenous people, and cultural heritage. In 2018, we have worked to strengthen our corporate Environmental and Social Management System (ESMS) by reviewing our processes and management plans in accordance with the IFC's

Our policy

- Develop and implement all projects in accordance with the IFC's Performance Standards and the Equator Principles
- Conduct environmental and social impact assessments and additional ESG due diligence if significant matters are uncovered in initial impact assessments
- Integrate environmental, social, and governance considerations in project development tools and processes
- Design systems and services to minimise the environmental impact, with an emphasis on protecting the local environment

Performance Standards and the Equator Principles. This work will continue in 2019.

In all our projects, we follow a standardized process for identifying, mitigating, and monitoring our potential risks and impacts. This work forms part of our overall Environmental and Social Management System (ESMS). Key elements of the process are outlined next page.

Project classification according to the Equator Principles:

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

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

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

Environmental and Social Management System

ESIAs

Environmental and Social Impact Assessments

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

For all our projects we conduct environmental and social impact assessments (ESIAs) and diligence assessments to identify potential environmental and social impacts from our activities.

In 2017, we developed ESIAs for our projects in Brazil, Egypt, and Nigeria and in 2018 for our most recent project in Malaysia.

We also performed Environmental and Social Due Diligence Assessments for two projects in Ukraine.

ESAPs

Environmental and Social Action Plans

List of environmental and social actions/measures to reduce impacts identified during the initial assessments (ESIAs) with responsibilities and deadlines

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

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

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

Monitoring & Reporting

Monitoring & Reporting

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

All our projects have regular Environmental and Social monitoring and reporting procedures in place. Important monitoring measures include:

- Regular site inspections
- Environmental and social internal audits and external audits by third parties
- Regular environmental and social monitoring visits and status reports by lenders
- Project reports reviewed in biweekly management meetings and monthly Board of Directors meetings



Our main impacts

The degree and types of impacts caused by solar projects vary from project to project based on several factors such as site location, environmental characteristics of the site, and distance to settlements. Most of the environmental and social impacts occur during the development and construction phases of a project.

Noise, air emissions, solid waste, waste water generation, and increased transportation to and from the site area are typical impacts during the construction phase of a project. Each of these impacts is monitored and mitigated by implementing specific management plans. Other examples of main impacts are presented over the following pages.

Human rights

Scatec Solar respects human rights and recognises our responsibility to avoid infringing rights of employees, local communities, and other stakeholders wherever the company operates. In line with the IFC's Performance Standards, we acknowledge that certain groups might require particular attention in relation to human rights risks (indigenous people, minorities, and vulnerable groups), and we work to mitigate any adverse effects by employing specially designed measures. Meaningful consultations with affected communities and other stakeholders on a regular basis and a well-functioning grievance mechanism that local communities trust are the

main tools for continuous review of risks and for development of appropriate mitigating actions.

Scatec Solar recognises land acquisition as an important process that can impact local communities and place the rights of affected people at risk, unless diligently implemented. The risk is particularly high when physical and/or economic displacement cannot be avoided. In such situations, we follow strict requirements of the IFC's Performance Standards to address and mitigate impacts by developing and implementing resettlement and livelihood restoration plans that require establishment of long-term monitoring mechanisms. Our target is always to ensure that the affected local households are assisted in adapting to the new situation and restoring their livelihoods to pre-project standards at a minimum.

Scatec Solar sees labour management and ensuring good working and living conditions for its own and subcontractors' workers as a priority area for all projects during the construction phase. By developing management plans for labour recruitment, training, and accommodation and by conducting regular inspections, the goal is to ensure continuous compliance with IFC's Performance Standards and to avoid any practice harmful to workers' rights.



Livelihood Restoration Programme in Mozambique

Background: The Mocuba project resulted in an economic displacement of 223 households. The acquisition of land and the obstruction of access to natural resources required mitigating actions to address the loss of income sources and means of livelihood.

Compliance: Mozambican law and recommendations in line with IFC Performance Standard 5 for projects involving economic displacement.

Target: To ensure that local households are assisted in adapting to the new situation and in restoring their livelihoods to pre-project standards at a minimum.

Mitigation: Development of a Livelihood Restoration Plan and a Simplified Land-use and Compensation Plan. A survey in combination with stakeholder engagement identified eligible households and provided agricultural land and monetary compensation for the loss of crops in the local community. The Livelihood Restoration Plan included the following:

Agricultural activity support Programme

Providing seeds and tools, yield measurement, training in post-harvest handling and storage of produce, evaluating the level of adoption of promoted technology, and governance training.

Domestic awareness

Training in business planning and management, savings and loan procedures, and follow-up with involved groups.

Status: Successfully implemented the Livelihood Restoration Plan. A separate plan for the most vulnerable project-affected people is still ongoing because additional support and training were needed to make sure conditions are left at pre-project standards or better. Both programmes are being implemented under regular supervision and monitoring of Scatec Solar and third-party experts.



Human rights and security management

Scatec Solar engages security personnel at its operational sites to protect employees, assets, and local communities close to the company's projects and plants. This is also an area that requires awareness and compliance with international standards. All plant-based security personnel are subcontracted from a third party but are considered part of our plant teams. We recognise the risk of misconduct, and we try to mitigate this risk by training security staff on human rights and Company policies.

Approximately 60% of security personnel contracted by Scatec Solar globally have been trained in principles related to human rights. The training is conducted annually. We are currently working to review and further develop our training offerings relating to human rights to ensure that all our security teams globally receive such training.

Water usage

Water is a scarce resource in many areas, and therefore is an important aspect of our environmental management, particularly in the operation phase. One of our targets for 2018 was to start reporting on water withdrawal by source and volume in projects located in water-stressed areas. Accordingly, a closer review of volumes of water used at all our operational plants took place in 2018 to monitor each plant's water-use performance and to avoid any negative impact on local communities if there is any reliance on the groundwater in water-stressed areas.

Water conservation awareness, minimizing water use for dust suppression by maintaining road conditions, and monthly monitoring for identifying causes of abnormal volumes are among the management considerations implemented at all our plants.

Our main use of water is linked to cleaning modules. Different water supplies are used for our projects at different locations, including groundwater and tanked water from municipal water networks. The amount of water needed depends on vegetation, module soiling, natural cleaning due to precipitation, and cleaning method. Efficiency is sought by cancelling unnecessary washing cycles and using effective washing methods like spraying. We are looking into possibilities of dry-cleaning techniques for our plants in Egypt that are currently under construction.

Amongst our plants, Linde, Kalkbult, and Dreunberg in South Africa and Oryx and Ejre/Glae in Jordan are in areas of medium or high water risk defined by World Resources Institute's "Aqueduct Water Risk Atlas". In South Africa, the source of water is groundwater. Boreholes are located close to the plants which are surrounded by only livestock farming activities, with no nearby settlements. Water-use licences for each facility are issued by the Department of Water and Sanitation, depending on the aquifer's size and other uses. Water volumes withdrawn for our plants are considerably below the volumes authorised by the licences.

Regular biodiversity monitoring in Honduras:

- Monthly biodiversity inspections were conducted at our 60 MW Agua Fria project in Honduras during 2018.
- Various native faunal species were recorded at the site, such as skunks, rabbits, iguanas, snakes, and different types of birds.
- Faunal behaviours like reptiles' shedding of skin, birds' courtships, feeding, vocalising, nesting, and incubation were also evident within the premises.
- The presence of these animals on site infers that the ecosystem within the plant supports them and that their habitats have not been significantly altered.



Biodiversity

Installing solar parks requires land-clearing, which might impact biodiversity by causing loss of habitats and disturbance of species. Biodiversity assessments are therefore part of baseline impact and Environmental and Social Due Diligence assessments. If an impact is unavoidable, we implement measures to minimize impacts and restore biodiversity. Habitat enhancement and creating new conservation areas are options to be considered whenever impacts cannot be fully mitigated. In Honduras for example, we carried out monthly biodiversity inspections during 2018 for the Agua Fria project and a bird monitoring campaign totalling 100 hours of observation for the Los Prados project.

Carbon footprint

By providing clean electricity, our solar plants contribute to reducing greenhouse gas emissions in every country where we operate. However, we acknowledge that our own operations and the construction of our solar plants produce greenhouse gas emissions.

One of our 2017 targets was to improve the quality of our Company's reporting of greenhouse gas emissions. In 2018, we started preparations to report to the Carbon Disclosure Project (CDP) with a timeline of completion by May 2019.



CDP is a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

EMISSIONS REPORTING		2018 TONS OF CO ₂ EQUIVALENT ¹⁾
Scope 1: Total direct CO₂ emissions		4,886.5
From offices and sites		840.1
From vehicles		4,046.4
Scope 2: Total indirect CO₂ emissions from purchased electricity and heat		1,196.9
Location-based		1,196.9
Market-based		1,247.0
Scope 3: Total other indirect CO₂ emissions		4,328.5
From air travel		4,328.5

1) See appendix, section 3, for a detailed description of the methodology used.

DNV·GL

VERIFICATION STATEMENT

Issue date: March 26, 2019

Verification of CO₂ emissions for Scatec Solar ASA 2018

The purpose of this document is to clarify matters set out in the process of verifying CO₂ emissions for Scatec Solar ASA. We do not accept or assume any responsibility or liability on our part to CDP or any other party who may have access to this letter or related documents.

Scatec Solar ASA commissioned DNV GL Business Assurance Norway AS to provide an independent third-party limited assurance verification for 2018 of their worldwide operations for CDP reporting. ISO 14064-3 has been used in this work. The scope of the work included:

- Scope 1 CO₂ emissions (ref. CDP report point C 6.1)
- Scope 2 CO₂ emissions (ref. CDP report point C 6.3)

The verification was conducted in March 2019 and included document review, interviews with personnel at the main office, review of calculation methods, routines (gathering, aggregation and consolidation) for activity data used in the calculations. The scope for 2018 included Scatec Solar activities in 10 countries. Aggregated emissions data:

Scope 1: Data as reported in C 6.1.:

Total CO₂ scope 1 emissions: 4 886,5 metric tonnes CO₂

Scope 2: Data as reported in C 6.3:

Total CO₂ scope 2 emissions (location based): 1 196,9 metric tonnes CO₂

The verification is done with limited assurance. During the verification, nothing has come to our attention that causes us to believe that the reported CO_{2e} emissions for Scatec Solar ASA in the mentioned countries are not fairly stated.

Place and date: Høvik, March 26, 2019
DNV GL BUSINESS ASSURANCE NORWAY AS

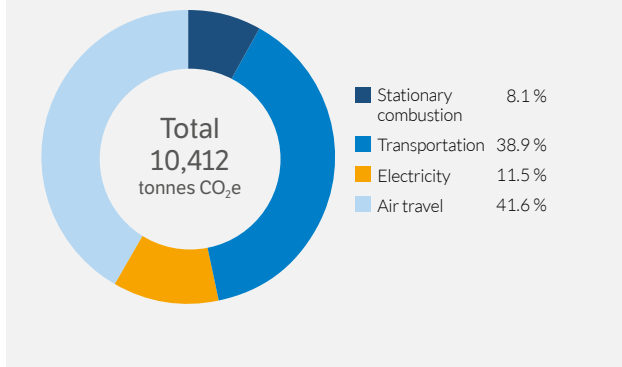


Thomas Haug
Technical reviewer



Ole A Flagstad
Lead Verifier

GHG emissions (percentage split)



This reporting will lead to more transparency on how we manage climate-related risks and opportunities, as well as emission-related targets and performance. The total greenhouse gas emissions from our activities in 2018 were 10,412 tons of CO₂ emissions. This total includes scope 1 emissions, market-based scope 2 emissions and Scope 3 emissions from air travel

Given the international nature of our company's business and operations, we are aware of our significant footprint related to air travel and local transportation. We aim to reduce this figure. 2018 was the first year we produced a complete carbon footprint, and considerable effort was made to ensure data quality and understand emission sources. In 2019 we will use this knowledge to develop a climate strategy with concrete reduction targets and programmes.

Furthermore, we are aware of the industry efforts to address climate risk and we intend to implement measures towards more comprehensive climate risk disclosures, based on the recommendations from the Task Force for Climate Related Financial Disclosures (TCFD). We enter into local communities for 20–25 years and it is important to try to foresee and evaluate potential climate related risks to and opportunities for our people, business, and physical assets. The most serious climate-related risks relates to the physical impacts of extreme weather, including droughts and floods. We work to have procedures in place to evaluate potential climate effects related to our sites, and develop mitigation plans where necessary.

Simultaneously, we see substantial opportunities related to the solar energy industry in the transition to a low-carbon economy. Technology is developing rapidly, enabling solar panels and other equipment to become more efficient and competitive. We take advantage of the emissions reductions resulting from our solar plants in operation

and our projects continue to be registered with the United Nations Framework Convention on Climate Change (UNFCCC) for verification and certification of electricity generation. This displaces fossil-fuel use, leading to improved access to climate finance and lower-cost implementations for solar projects.

Stakeholder engagement

For all projects, dialogue with a broad range of stakeholders, including the local communities, is commenced at the early stages of a project. Such dialogue provides a better understanding of a project's impacts and ensures that inputs are integrated into the project development process. Engagement with local communities is a continuous process during the entire life of a project. The objective is to identify and mitigate impacts and to maintain a good relationship based on openness and trust. Stakeholder engagement plans are developed for all projects. These plans specify the requirements regarding consultation needs, frequency of consultations, and methods of communication. The work of a locally appointed Community Liaison Officer to bridge the dialogue between the local people and the project is central to success of the project. Grievance mechanisms are also established at all projects as a channel for continuous communication and facilitating opportunities for Scatec Solar and communities to identify challenges and develop solutions together.

Our ambitions and goals

We will increase our efforts to further strengthen and standardize our corporate environmental and social management system (ESMS) for all projects. In addition, we have the following key targets for 2019:

Environmental and social compliance

- Target 100% reporting of non-compliance across all projects
- Create follow-up plans with deadlines for all non-compliance across projects

Human rights

- Develop a corporate policy on human rights in line with the Universal Declaration of Human Rights
- Integrate human rights aspects into the standardized training for all our managers, community liaison officers, and security personnel globally

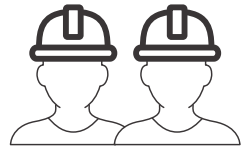
Climate action

- Increase annual tons of CO₂ emissions avoided by our solar plants by 500,000 by the end of 2019
- Start to report to the Carbon Disclosure Project (CDP) in 2019

Being a trusted
business partner



Health and safety



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

Our achievements and results in 2018

We delivered approximately 6.3 million working hours with no fatalities or serious injuries involving disabilities in 2018. The year was characterised by significant expansion, with a high level of construction activities across ten projects in Brazil, Honduras, Argentina, Malaysia, South Africa, Mozambique, Egypt, and Ukraine. We recruited nearly 6,000 workers for the construction periods, of whom the majority were local and unskilled labour.

The rate of recordable work-related injuries amounted to 4.4 per million working hours, up from 3.4 in 2017. The increase reflects our entrance into new geographical areas with new projects, combined with efforts for and encouragement of a stronger reporting culture. None of the recordable injuries were classified as serious injuries. The main types of work-related injuries involved incidents that resulted in minor injuries, such as a person being hit by an object or people suffering small injuries from handling machinery and construction tools.

No cases of work-related occupational diseases were registered among our employees or our subcontractors' workers in 2018. However, six cases of heat stress in Egypt and several cases of Malaria in our Mocuba project in Mozambique were reported. In 2018, we kicked off a malaria vector control programme for the project to cover all workers on site and their respective households. The programme aims to raise awareness and prevent incidents of malaria by providing control measures such as indoor residual spraying of households.

Our policy

- Continuously work for zero harm to personnel, assets and the environment
- Always put safety first, evaluate risk and secure our working environment
- Ensure that all our business activities are conducted in accordance with applicable labour standards and fundamental human rights norms as prescribed by the International Labour Organization and the Universal Declaration of Human Rights
- Apply a zero-tolerance approach to alcohol and other drugs in the work environment
- Ensure fair working hours and wages for all employees and contractors' employees working on site
- Always undertake risk assessments of new countries and regions we plan to enter and develop security plans based on these assessments

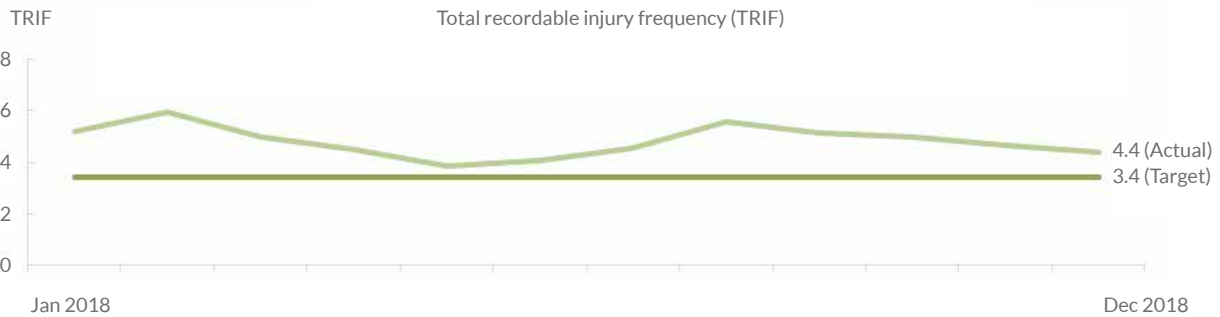
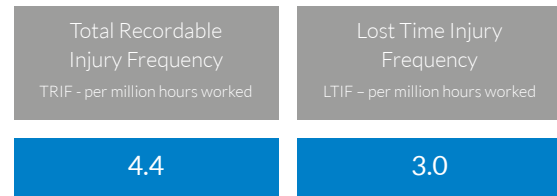


Key statistics 2018

Serious incidents



Health and safety 2018



A key focus in 2018 was to encourage better reporting practices across all projects. During the year, 13 incidents were reported as high-potential incidents and 45 close calls were registered in our reporting system. Several projects have had incentive systems in place to encourage the reporting of unsafe conditions and acts, including near misses. Encouragement of better reporting will continue and be further strengthened in 2019.

KEY PERFORMANCE INDICATOR	TARGETS 2018	ACTUAL 2018	ACTUAL 2017
Fatalities	0	0	0
Serious injuries with disabilities	0	0	0
LTIF (Lost time injury frequency)	≤ 1.7	3.0	2.0
TRIF (Total recordable injury frequency)	≤ 3.4	4.4	3.4
Number of HSE observations including near misses	> 1	0.4	0.1
Sick leave ¹⁾	≤ 2%	0.8%	1.4%
Working hours including subcontractors	-	6,368,975	1,180,650

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.

ISO certification

One of our 2018 targets was to obtain an external certification of our HSSE and Quality Assurance systems by year's end. We engaged DNV GL to perform external audits related to our Quality, Health, Safety, and Environment (QHSE) systems through selected site visits globally. The focus of the audits was the implementation of ISO 9001, ISO 14001, and ISO 45001. Scatec Solar has been certified for all three standards.



Quality management



Environmental management



Occupational health and safety management

Contractor management

We continuously work to monitor that all our subcontractors operate in accordance with our 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, even in the parts of the value chain we do not control directly. This is identified as a critical risk area for our company and strong efforts have been made in 2018 to improve our systems and monitoring activities.

Ensuring compliance with HSSE requirements in Egypt

Project information: Six projects totaling 400 MW located in BenBan, Upper Egypt

Challenge: Keep consistent and high performance related to HSSE

- Main issues:**
- Aligning contractors' services to international standards and requirements
 - Acquiring compliant services such as water and sewage disposal, transportation, and equipment
 - Achieving a high percentage of local labour and full compliance with local and international labour requirements
 - Difficult to find accommodation that complies with requirements

- Measures implemented:**
- Thorough review of the IFC's Performance Standards with contractor management teams
 - Recommend contractors to use compliant services and increase collaboration and monitoring
 - Implement resource use and waste disposal logging with regular inspections of records and processes
 - Regular vehicle and equipment inspections and awareness sessions regarding seatbelt use
 - Use of lender-approved worker accommodations and monitoring and improvement of other accommodation options used





Global security practices

We work systematically to strengthen our approach to security management and emergency preparedness. In 2018, we continued to develop our partnerships with our two globally recognised third-party security companies. Measures in 2018 include biannual emergency drills with the management and updates of training modules for all employees.

One of the most serious risks we face when travelling abroad is related to traffic. The number of fatal traffic accidents in many of the countries where we are active is high. In 2018,

we registered one recordable injury related to motor vehicle accidents. During the year, we established a Transportation Safety Management Plan that also requires all our subcontractors to have a plan for transportation safety.

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 2019 is to have zero fatalities and serious injuries with disabilities and reach our remaining HSSE targets shown in the table below.

KEY PERFORMANCE INDICATOR	TARGETS 2019
Fatalities	0
Serious injuries with disabilities	0
LTIF (Lost time injury frequency)	≤ 2.5
TRIF (Total recordable injuries frequency)	≤ 3.9
Number of HSSE observations including near misses	> 1
Sick leave ¹⁾	≤ 2%

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.

We have also set the following targets for 2019:

- Minimum one audit of all main subcontractors working on project sites
- Develop country-specific HSSE Management Systems

Anti-corruption



We depend on a sustainable business environment and always seek to comply with high standards of business ethics. The selection of, and cooperation with, business partners including suppliers, consultants, local partners, banks, governments, and local authorities is vital to ensure a non-corruptive business environment.

We undertake thorough assessments of the potential host country, region, and partners before we decide to conduct our business. We always perform due diligence of potential partners and suppliers through a screening process to identify heightened risks or blacklisted individuals and organisations. This effort includes using renowned third-party international risk specialists to conduct background checks of business partners and individuals. Some of our main financial collaborators such as Norfund, the International Finance Corporation (IFC), members of the World Bank Group, and other leading Development Banks are widely acknowledged for having high ethical standards and rigorous due diligence requirements.

Our policy

- Maintain a zero-tolerance principle for bribery and corruption
- Continuously strive to maintain high ethical standards
- Build a culture that values honesty, integrity, and transparency, and require each partner and/or supplier to adhere to the same
- Conduct risk assessments of potential partners, operating countries, and locations to assess governance-related risks such as criminal records, creditworthiness, breaching sanctions, and engaging in bribery and corruption
- Ensure that our own high standards of anti-corruption behaviour are clearly reflected in contracts with our partners
- Provide anti-corruption training for all employees
- Pass all solar projects through four separate decision gates where screening, compliance, and risks of corruption must be cleared



“We work systematically to prevent corruption and unethical practices in all projects and operations”.

Snorre Valdimarsson, EVP Legal Counsel

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
	Mozambique (23)	Argentina (40)		Norway (7)
	Honduras (29)	South Africa (43)		
	Ukraine (32)	Malaysia (47)		
	Egypt (35)	Rwanda (48)		
	Brazil (35)	Jordan (49)		
		Czech Republic (59)		

Scatec Solar is committed to develop all projects in accordance with the IFC's Performance Standards and the Equator Principles. This commitment includes, for example, the screening of all potential partners against the World Bank Listing of Ineligible Firms & Individuals. All subcontractors and suppliers must adhere to our Supplier Conduct Principles.

Specific corruption risk assessments

Scatec Solar operates in partnerships and seeks equity co-investments on a project basis to enhance value and reduce risks whenever feasible. The large-scale solar energy

industry is characterized by high-value investment and significant government interaction through the awarding of power purchase agreements, either through public tenders or bilateral negotiations, concessions, and regulations. In addition, companies operating in the solar power industry need licenses and permits to operate in a given country, to rezone land, and to be allowed to produce and sell power. Most of the projects Scatec Solar undertakes involve an inherent risk of corruption. A high-level list of risk areas identified for our company is outlined in the table on next page, which applies to all our projects (alphabetical order).



RISKS	BRIEF DESCRIPTION	KEY MITIGATING ACTIONS
Customs	Customs processes are vulnerable to corruption. Scatec Solar can be held liable for corruptive behaviour on the part of its suppliers, distributors, and agents when importing goods and services during the construction phase.	<ul style="list-style-type: none"> • Anti-corruption training for all employees including project teams during construction phase • Responsible procurement policy • Country risk assessment • Trial shipment of components pre-execution of project to verify document requirements upfront
Employment	Employment opportunities through Scatec Solar, especially where there are local content requirements, can be misused for private gain.	<ul style="list-style-type: none"> • Screening of all potential recruitments • "One-over-one" approval principle for new hires
Foreign exchange controls	Several of the countries where Scatec Solar operates have foreign exchange operations susceptible to manipulation and informal exchange processes, which may include corrupt practices.	<ul style="list-style-type: none"> • Due diligence, control and authorization procedures • Country risk assessment • Trial transfer of funds pre-construction to verify document requirement upfront
Gifts and hospitality	Practice of giving or receiving gifts and/or hospitality in exchange for advantage as an inducement to something which is illegal or a breach of trust.	<ul style="list-style-type: none"> • Anti-corruption training for all employees • Ethic's Policy that specifies limits on gifts
Licenses and permits - lobbying	Projects are dependent on a range of permits and licenses, which make Scatec Solar vulnerable to solicitation, collusion or other forms of corruption.	<ul style="list-style-type: none"> • Perform due diligence of all permits, licenses and awards. • Monitor, flag and clear deviations in the permitting process • External due diligence report / legal opinion on process • Transfer funds through accounts held by the recipient under their name in a bank located in the host country. • Anti-corruption clauses and obligations for the counterparty in all contracts
Stakeholders and Partners	The selection of local partners may expose Scatec Solar to their previous actions that may be sanctionable. Social investments a mean for embezzlement and/or elite capturing.	<ul style="list-style-type: none"> • Perform integrity due diligence of all parties involved, including due diligence questionnaire and background checks on key partners • Screen company, board, managers, key employees and ultimate owner/beneficiary through RDC • Transfer funds through accounts held by the recipient under their name in a bank located in the host country. • Anti-corruption clauses and obligations for the counterparty in all contracts
Power Purchase Agreement	Power Purchase Agreements in high risk countries are vulnerable to corrupt practices with regard to contracting.	<ul style="list-style-type: none"> • Pre-determined auction rules • Public auction • Due diligence of criteria and external legal assessment on transparency/lender's due diligence
Procurement	Sourcing of engineering, procurement, and construction services and components from suppliers exposes Scatec Solar to several corruption risks including selection of local vendors.	<ul style="list-style-type: none"> • Management screening of framework agreements • Adherence to our Supplier Code of Conduct • Four eye principles
Community investments	Solar projects subject to political and governmental interests with regard to concessionary and licensing processes. Underlying risk of political corruption in form of donation or favoritism.	<ul style="list-style-type: none"> • Zero tolerance principle • Anti-corruption training for all employees • Country risk assessment

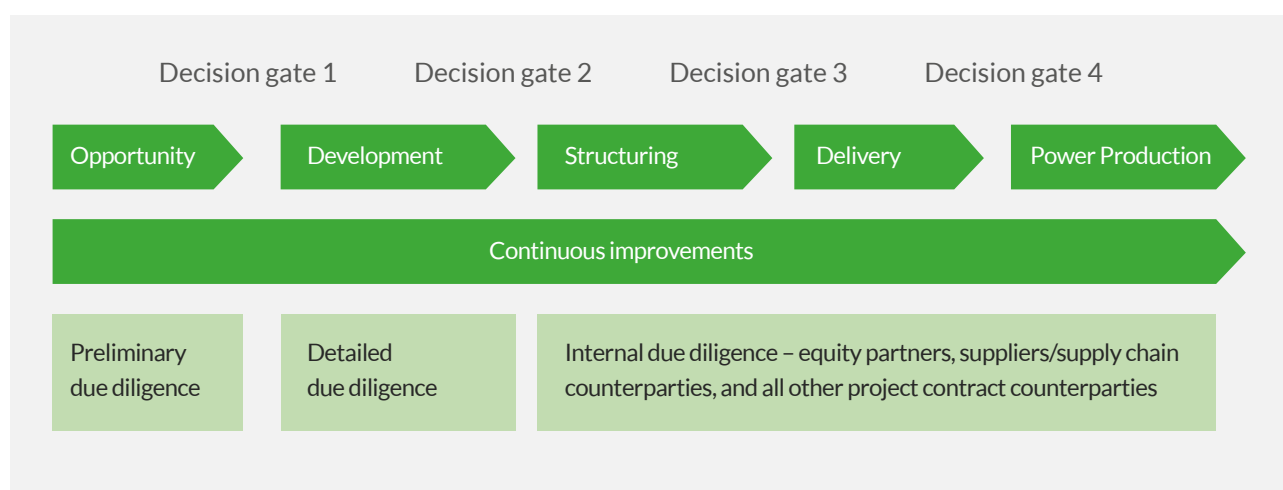
Our achievements and results in 2018

All operations, including projects and business partners of Scatec Solar, were assessed for risks related to corruption in 2018. 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 (see illustration below).

During 2018, all projects passing Decision Gate 3 were screened for risks related to corruption: three projects in Ukraine, one project in Argentina, and three projects in South Africa.

Due diligence process



Reporting

During 2018, we worked to make our internal reporting channels more accessible to employees. This work involved setting up a new platform on our Company intranet that compiles all reporting channels into one channel. We registered a total of four reported incidents through our whistle-blower channel, of which three related to corruption and one related to discrimination. The investigation of the three concerns related to corruption did not result in any confirmed incidents of corruption.

Training

In line with one of our main goals from 2017, we started mandatory anti-corruption training for all employees, offered quarterly, which increased the availability of the course and encouraged new and existing employees to update their knowledge whenever necessary. In addition, we organised specific anti-corruption and integrity due diligence training for particularly exposed business units including our Supply Chain and Business Development units.

Corruption incidents 2018 and 2017

	2018	2017
Confirmed incidents of corruption	0	1
Confirmed incidents in which employees were dismissed or disciplined for corruption	0	1
Confirmed incidents when contracts with business partners were terminated or not renewed because of violations related to corruption	0	1
Public legal cases regarding corruption against the organisation or its employees during the reporting period	0	0
Number of companies or individuals on Scatec Solar projects subject to IFC investigation or sanctioning	0	0



Our ambitions and goals

We will continue to raise awareness of corruption and of the high expectations we have for our employees and business partners. In 2019 we will:

- Review, audit, and update our Anti-Corruption programme and ensure that our Ethics Policy, Anti-Corruption

programme and Partner Conduct principles are available and known by all stakeholders

- Continue to provide anti-corruption training for all employees quarterly, with a target completion rate of 100% over a 2-year period
- Ensure that all business units receive continuous training sessions and dilemma training tailored to their specific needs



2018 recognition:

Scatec Solar's legal team was listed as one of the most influential and innovative in-house legal teams working in the Nordic region by the Legal 500 GC Powerlist.

2018: Whistleblower function

A whistleblower function is available to all employees, suppliers, partners, and clients of the company through internal channels and our corporate website. The mechanism includes a hotline available 24/7 operated by BDO, a neutral third party. All whistleblowers have the option to be anonymous.

Number of incidents reported in 2018: 4
Related to potential corruption: 3

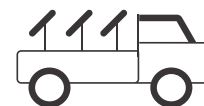
All incidents reported in 2018 were received anonymously by BDO and investigated according to the established investigation procedure.

No breach of policies or regulations was detected.

Two of the incidents were concerns about potential corruption relating to the process of awarding contracts in a project. Both concerns were investigated and cleared, as the two incidents complied with our Corporate Procurement policy.

The third incident was a concern about potential corruption linked to an allegedly private sale of damaged solar panels in a project. The concern was thoroughly investigated and cleared, as the sale was approved by the Company.

Responsible procurement



Scatec Solar purchased goods and services for approximately NOK 3.3 billion in 2018. Responsible procurement is therefore an important part of our sustainability efforts, and we seek to select and develop suppliers with strong sustainability practices. Our Supplier Code of Conduct is based on internationally recognised principles and outlines our requirements regarding ethical conduct and sustainable business practices.

Sustainability risks in our supply chain

Scatec Solar purchases goods and services from a wide variety of suppliers, from large international organisations to specialist local suppliers worldwide. We seek to form mutually beneficial and trusted relationships with our suppliers, and to treat all suppliers fairly, as well as to provide them with regular and honest feedback.

We regularly assess sustainability risks within our supply chain. The main risks include corruption, violations of labour rights, and poor social and environmental performance. We seek to mitigate these risks through our supplier development programme, transparent and fair tender processes, robust contracting, pre-production audits, and monitoring during production.

We source services and components mainly during the development and construction phases of our projects. The main procurement items include:

- Solar panels (modules): predominantly procured in China
- Inverter stations, including combiner boxes: predominantly procured in Europe
- Steel structures: predominantly procured in Europe
- Construction services: predominantly procured locally in the country where the project is located

Sustainability in our procurement process

Our procurement process consists of several steps of initial information gathering. Before suppliers are invited to tender, they must pass a desktop due diligence that includes QHSE systems and sustainability aspects, and suppliers are shortlisted based on their scores.

Our policy

- Choose suppliers based on relevant sustainability criteria including transparency, workplace conditions, HSSE, and human rights standards and environmental performance
- Ensure that suppliers commit to our Supplier Code of Conduct Principles and monitor compliance through regular supplier audits of significant and high-risk suppliers
- Take a life-cycle approach¹⁾ to our carbon footprint and choose suppliers who contribute positively to our climate impact
- Avoid procuring products from any supplier who relies on substances that are dangerous or harmful to the environment or from suppliers using conflict minerals

Our supply chain department is responsible for ensuring compliance with Scatec Solar's Ethics policy, Procurement policy, Sustainability policy, and with the Operating System requirements. Our Supplier Code of Conduct includes more than 20 compliance topics such as compliance with laws, safety and security requirements, the anti-corruption policy, human rights laws, environmental practices, and restrictions on the use of drugs and alcohol.

The screening process involves a three-stage approach as illustrated on the next page.

1) Lifecycle approach: Accounting for total energy footprint from raw materials to decommissioning.

Three-stage screening process



- 1 Request for information from vendors for pre-qualification:
 - HR policy
 - Ethics policy
 - Environmental policy
 - Management plan



- 2 Desktop due diligence of the documents listed in step 1 for the pre-qualification and during the bid



- 3 Final audit and in-depth due diligence on shortlisted vendors prior to recommendation to award

After the screening process, we seek to continuously monitor and control our work with and relationship to our suppliers. Before commencing their scope of work, 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 requirements, environmental and social requirements, and quality assurance and quality control requirements.

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

Our achievements and results in 2018

All new suppliers were screened for social and environmental criteria in 2018, and went through a financial and legal due diligence, screening both the company and the board members. All of them have also confirmed conformance to our Supplier Code of Conduct and to the IFC's anti-corruption guidelines.

According to our policy, we audited all suppliers in our major categories from whom we have procured in 2018. One logistics supplier was suspended from all procurement processes after we received an alert that the company was under investigation for corruption. We undertook 17 audits of subcontractors during 2018, including all main contractors in projects under construction. We completed at least one site audit for each project.

In 2018, we rolled out a Supplier Development Programme for key qualified suppliers. The programme focuses on pro-actively working with our key suppliers to enhance their social and environmental performance. Before they could enter the programme, we screened all participating suppliers on compliance with our environmental and social criteria. Together with the suppliers, we define new environmental and social targets to be evaluated annually.

During 2018 we have initiated a process to ensure that all our main suppliers and sub-suppliers have policies and measures in place to ensure that their products are free from conflict minerals.

For our South African operations, we have drafted a socio-economic development framework for procurement to support the economic empowerment goals of the South African government towards empowering and developing local businesses.

Training

For training and development, all new team members of the supply chain received anti-corruption and anti-bribery training, a workshop on contracts (organised by our legal department), and personal- and team-development sessions.



Our ambitions and goals

We will continue to work with suppliers to optimize products to reduce their carbon footprints and to promote sustainable business practices. In 2019, our main goals are:

- To strengthen our supplier base during 2019 by qualifying four to six additional suppliers into our Supplier Development Programme
- By the end of 2019, to ensure that all suppliers have policies and measures in place to confirm that their products are free from conflict minerals
- To develop relevant training material for each supply chain process.



“In 2018, we rolled out a Supplier Development Programme for key qualified suppliers. The programme focuses on pro-actively working with our key suppliers to enhance their social and environmental performance”.

Pål Helsing, EVP Solutions

Our people



Our people



The people of Scatec Solar make up who we are. A highly skilled and motivated workforce is essential to the success of our Company, to the execution of our strategy, and to our continued growth. A competent and motivated workforce driving towards the same goals is vital to our success.

Our achievements and results in 2018

2018 was a year of strong growth, reflected both in projects and people. The number of full-time employees reached 246, an increase of 32% compared to last year. In addition, we had 88 short-term employees and 107 consultants hired to deliver on our projects. Scatec Solar continues to develop a strong presence in key markets such as Egypt, Brazil, South Africa, Malaysia, and Ukraine. During the year, we recruited 68 highly skilled full-time employees and the turnover rate was 12%, slightly down from 13% in 2017.

Diversity

As a global company, rapidly expanding into new regions, Scatec Solar continues to be characterised by great diversity. Our total global workforce is represented by 32 different nationalities, up from 31 in 2017. Diverse backgrounds and experiences help our organisation to remain flexible and agile, and ultimately to be better equipped for responding to fluctuating and complex markets and environments.

Our policy

- Encourage a working environment guided by a culture based on our values
- Support our people with opportunities to develop according to their aspirations
- Build a high-performance working environment, recognising peoples' achievements and rewarding them based on their results
- Ensure that all employees know what is expected of them in their roles
- Provide our people with direct feedback and guidance on their work performance



“Our global workforce is represented by 32 different nationalities. A diverse workforce is key to our success”.

Toril Haaland, EVP People & Organisation

Employee statistics 2018

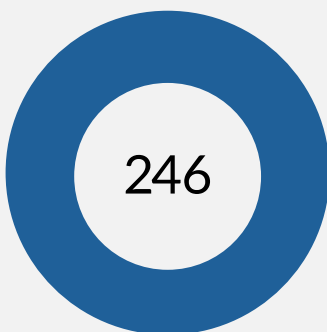


2018: 246
2017: 184

Geographic distribution



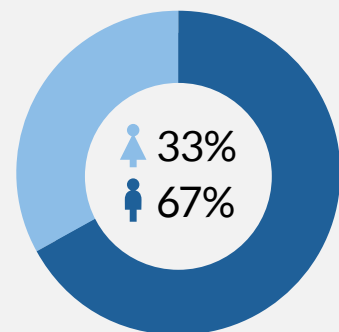
Global workforce



Nationalities



Gender





The gender diversity and age groups of the Executive Management, the Board of Directors, and Scatec Solar in total are presented in the table below.

In 2018, we increased the female representation at the Executive Management level to 14%. Our 2017 target of increasing the number of females globally by 10% from 2017 to 2018 was exceeded. However, due to a significant increase in employees the relative share of females declined from 2017 to 2018. This signals a need to continue our focus on gender diversity for the coming years. See appendix, section 5, for more information on employees and other workers.

Human capital development

Scatec Solar targets a value-based high-performance culture and encourages employees to take responsibility for their own development. We facilitate their doing so by providing a variety of learning and development opportunities throughout the employees' careers to ensure their continuous professional growth.

Health and working environment

We regularly report and monitor the health and working environments of our employees. An overview of the sickness absence rate is shown in the table below. The rate has been stable for the total company for the last four years.

Indicators related to gender diversity and age groups

GOVERNANCE BODY	GENDER (% FEMALE)				AGE GROUP (%) 2018		
	2018	2017	2016	2015	Under 30	30-50	Over 50
Management	14%	0%	0%	0%	0%	57%	43%
Board of Directors	40%	40%	40%	40%	0%	20%	80%
Headquarters (Norway)	47%	44%	40%	31%	7%	80%	14%
Total company	33%	37%	28%	26%	18%	71%	11%

Indicators related to the health and working environments

SICKNESS ABSENCE RATE (%) *	2018	2017	2016	2015
	Headquarters (Norway)	2.1%	2.5%	2.4%
Total company	2.0%	2.1%	2.2%	2.4%

* Includes full-time employees (FTEs) and short-term employees (STEs)

Key learning and development initiatives 2018



New Online Learning Portal: Launched a new online learning and development portal to enhance internal learning across multiple departments and countries, offering both e-learning and classroom courses. Our mandatory courses totalled 1,129 training hours in 2018.

Performance Management: Strengthened and formalised our annual PDA (Performance, Development and Appraisal) process for all employees. Improvements included a new online platform and mandatory participation.

Leadership Development Programme: Established a new programme, with 30 leaders participating in the first round of the programme. The first workshop was kicked off in January 2019 in Oslo, Norway.

Onboarding Survey 2018:

96%

of new joiners experienced their first day as welcoming and informative.

85%

experienced the organisation as helpful in getting them up and running during their first three months.

Collective Bargaining Agreement

The Company's Global HR policy and related procedures are applicable to all employees, emphasising fair salary levels in accordance with local laws and regulations. In countries where labour unions and labour rights are not effectively enforced, we aim to find mechanisms for workers to express their grievances and protect their rights.

Our ambitions and goals

In 2019, we will work to further develop and operationalise our new People platform and the recently established Leadership Development Programme. We will maintain a strong focus on diversity throughout our recruitment processes globally. The following targets have been set for 2019:

- Diversity: Ensure female candidates are interviewed for all senior positions.
- Performance Management: 100% participation by all employees in our annual Performance, Development and Appraisal (PDA) process



Contributing to local value creation



Contributing to local value creation



Our goal is to positively impact the communities in which we operate, both directly and indirectly. We strive to employ local labour, to identify needs in the local communities for our community development programmes, and to maintain open and transparent dialogue with relevant stakeholders.

Solar power plants impact local communities. Changes are usually positive, bringing social, economic, and infrastructure improvements. But the possibility of unintended consequences cannot be overlooked. Potential impacts include physical and economic displacement, changes in vegetation and infrastructure, and increased activity levels in the area. Impacts during construction such as traffic, noise, and dust are considered limited and effectively mitigated if and where nearby communities exist.

We often operate in countries where legal frameworks and governing structures do not necessarily protect the communities we might impact to the same extent as in more mature economies. Solid interaction with our project neighbours and establishing good relations are therefore essential. In all our operating projects, we have local community engagement and impact assessments. If dialogue with affected parties is not carried out in a timely and integrated manner, misinterpretations and concerns in local communities might arise.

Since our founding, we have gained considerable experience in working with local communities in different countries. We follow the IFC's Performance Standards when we develop our stakeholder engagement analyses and plans for all projects.

Our policy

- Employ local labour, enable knowledge transfer and create jobs in local communities
- Use local suppliers whenever feasible
- Plan for and contribute to local development initiatives
- Train and educate our people on how best to operate in a new, often foreign culture
- Develop a structured stakeholder engagement plan for all projects at an early stage to help us inform and communicate with affected parties.
- Appoint a designated community liaison officer in our projects to facilitate understanding and communications in local communities
- Maintain an active dialogue during the project phases with the local communities and engage at several levels, from national governments to project partners.



International principles for stakeholder engagement

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

Our achievements and results in 2018

In 2018, we entered several new communities to construct solar plants across eight countries. Our key efforts were focused around stakeholder and community engagement, local recruitment processes, handling grievances, and planning and implementing new development programmes. We also worked to ensure that our stakeholder engagement plans and procedures are aligned with international standards across projects.

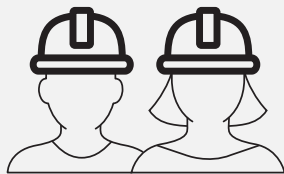
Local Job Creation

Without income generation, no community is stable or sustainable. Scatec Solar is strongly committed to contributing to job creation, and we employ local labour and suppliers as

far as possible, regardless of whether this is a requirement. This practice contributes to reducing unemployment rates and provides knowledge and technical skills transfer to the communities where we are present.

Most of the jobs created through our projects originate during the construction phase, which usually lasts 6–14 months. Workers are provided with important technical skills and experience that make them more eligible for future jobs.

In 2018, we generated approximately 6,000 jobs from our projects under construction, with the percentage of local employees averaging about 70–80%.



6,000 jobs created

in 2018 from projects under construction
– majority local and unskilled labour





Local recruitment in Brazil:

Project: Apodi with a capacity of 162 MW

Number of jobs created during the peak construction period: 1,400

Percentage of local employees (citizens): 80%

- The unemployment rate in the local community surrounding the site was close to 50%, with low prospects for job opportunities.
- The announcement of the local recruitment needs by the project generated strong engagement, with hundreds of individuals lining up outside the project site.
- Through open dialogue with the job seekers, a “virtual queue” was created on an app platform where all individuals were registered while keeping their positions in the physical line.
- The virtual list was published in the governmental office for local employment and a group containing all registered job seekers was created for information and communication.

We also try to hire locally for the permanent positions in the various stages of our value chain including engineers, plant managers, HSSE experts, civil and mechanical workers, security personnel, and community liaison officers, to mention a few. The table below shows some examples of permanent local job creation on a senior management level and other positions across our projects in operation for the last two years.

Local supply chain development

Scatec Solar strives to use and strengthen local supply chains and entrepreneurs to the extent possible in our local operations. We seek to procure and contract between 20-30% of local goods and services such as accommodation, vehicles, staff, fencing and civil contractors, depending on the country and availability of goods and services. Once a solar plant is in operation, we usually achieve a minimum level of 60–80% of local contracts of goods and services.

Permanent local job creation for plants in operation

PERMANENT EMPLOYEES	2018	2017
Senior management level		
Plant Managers	11	9
Other Levels		
Operation & Maintenance operators	48	32
Community Liaison Officers	10	8



“To perform our business in a sustainable way is the only way to ensure success for our projects and a respectful experience for the neighbors we affect”.

Roar Haugland, EVP Sustainable Business & HSSE

Stakeholder engagement in local communities

There are various ways in which projects engage with local communities. To inform the communities about the project and about potential impacts, manage expectations, and to ensure local support and understanding of our projects, regular meetings with local leaders and representatives from local communities are held in all communities where we have a presence.

We usually experience a lot of engagement in local communities during the initial project phases of development and construction.

Topics and issues raised during local stakeholder meetings that are considered material are communicated to the management through biweekly progress reports, usually from project managers or other project team members.

Grievance mechanism

Scatec Solar has a publicly available grievance mechanism for all projects through the corporate website and at each local project site. The total number of grievances received during 2018 for projects in operation, under construction, and under development totalled 92. We see a large increase in the number of grievances from 2016 to 2017, while there was a decline from 2017 to 2018. The higher numbers in 2017 and 2018 are primarily explained by additional projects under development or construction, which usually represents the

phases with most feedback and concerns from stakeholders of the projects.

Of the total number of grievances, 54 were related to the Mocuba project in Mozambique and 17 were related to our projects in Malaysia. The remainder were related to our projects in Brazil, South Africa, Egypt, and Honduras.

Most grievances in Mozambique were connected to the construction period, when workers raised concerns with subcontractors regarding salary payments, miscommunication, and other work-related issues. Some of the grievances were also linked to the final stage of the resettlement programme. All such grievances were solved during the year. Most of the grievances in Malaysia involved concerns related to impacts such as dust and minor damage to local roads and compensation payments for impacts on agricultural production.

The majority of grievances were solved by engaging with the local communities regularly and communicating our processes and principles. At the end of the year, five grievances in Mozambique and four grievances in Malaysia were still being resolved. Nine of these were resolved during the first month of 2019. The remaining four unresolved grievances from other locations are still being addressed and are expected to be resolved in the near future.

Community dialogue and engagement indicators

	2018	2017	2016	2015
Percentage of operations with implemented local community engagement, impact assessments, and development programmes	100%	100%	100%	100%
Number of grievances received	92	118	16	19
Number of grievances addressed and resolved	79	103	10	19

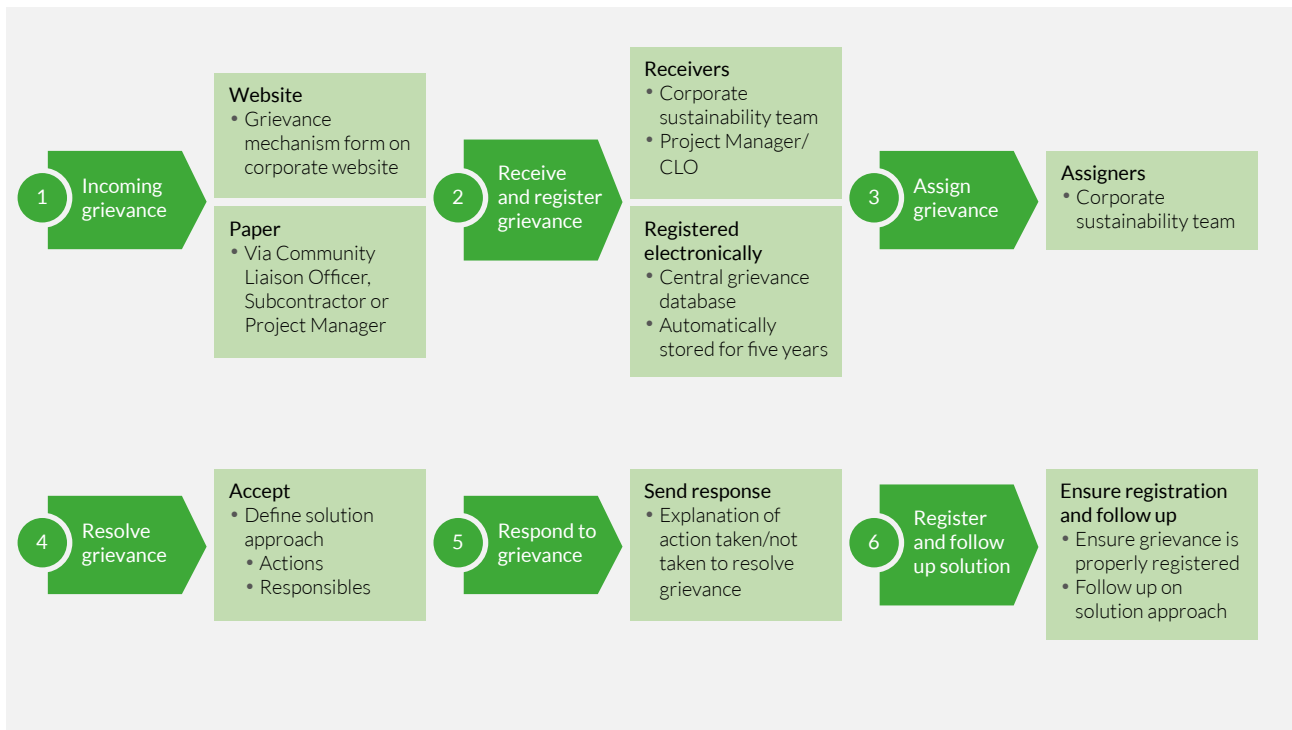


Grievance mechanism

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

All grievances are taken seriously and processed according to our procedures. We aim to have a response time of a maximum of 30 workdays. The mechanism is available at each local project site and in five different languages on our website: English, Arabic, Spanish, Portuguese, and French, and represents a valuable platform for engaging with communities.

Grievance mechanism process





Challenges with local community relations in Honduras

Project information

- Project: Los Prados
- Capacity: 35 MW (phase I)
- Location: Southern Choluteca region of Honduras
- Grid connected: Third quarter 2018
- Project partners: Scatec Solar and Norfund
- Energy produced: 73,000 MWh annually
- Providing energy for: 16,300 households
- CO₂ reductions: Approx 40,000 tonnes annually

Short background

- In November 2015, Scatec Solar and Norfund acquired the Los Prados project in Honduras from a local developer. The development of the project had started back in 2014 with all permits in place at the time of acquisition.
- The local population consists of more than 4,000 inhabitants. According to surveys most inhabitants were in favour of the project. However, a small group of people of about 20 individuals protested violently against the project. Our employees were assaulted, and the protesting group caused damages to our physical facilities.
- Our analyses uncovered that the protests were largely based on misconceptions about the nature of the project and its effect on the local community. Rumours were that pregnant women would lose their unborn child if they went nearby the plant, if looking at the plant you could go blind, that the installations were toxic and could ruin the environment and deprive the locals of their ground water.
- Scatec Solar realised that there was a need to enhance our effort in informing the public about the project.

Key measures implemented

- We assessed the situation, significantly strengthened our social team locally and recruited Community Liaison Officers and involved the HQ Sustainability team.
- We conducted a new baseline study identifying the community and stakeholders affected.
- We developed information material which addressed all misconceptions in a simple and understandable way and established a community house as a place for neutral dialogue; including forums, meetings, social programmes and other communication initiatives.
- We implemented our social programmes more quickly: We were able to shorten the timeline for local community development programmes together with the local village representatives and the mayor, to ensure that local communities could clearly see and influence the programs we planned to implement.

Local ripple effects of the project

- Employed 272 workers, of which 80% were local workers
- Engaged in local training and knowledge transfer at various levels
- Funded and implemented numerous social programmes and activities such as:
 - Home improvement project covering about 450 houses across three communities (improve roofing, walls and flooring)
 - Electrification project benefiting 83 households
 - Water project benefiting 81 households
 - Other initiatives include support to several local institutions such as libraries, churches and schools, as well as general food and tree planting donations in the communities

Local development programmes – key highlights 2018



Early childhood development

South Africa: Custoda Trust ECD resource and training centre

- 8 ECD practitioners trained towards a full NQF Level 5 qualification

South Africa: FARR programme

- Foetal Alcohol Spectrum Disorder prevention and awareness programme
- Healthy Mother Healthy Baby programme recruited 128 mothers in 2018
- Support is provided to mothers through group sessions and individual home visits

Honduras: Clean energy informative talks

- Quarterly information sessions at 5 schools in the communities



Technical and vocational education

South Africa: Business Administration course

- 60 entrepreneurs received Business Administration Training in South Africa
- Capacitating unemployed youth and community members by enabling employability
- Upskilling small, medium and micro enterprises (SMMEs) to run their businesses effectively

Jordan: Al Qantara Center

- Language Lab set up offering free training courses and workshops
- The centre aims to improve the English skills of community members of all ages

Honduras: Women Empowerment programme

- Construction at the Los Prados Project
- 80 women from the local community including non-skilled and female technicians received HSSE training

Malaysia: Training programme at local prison facilities

- Recycling waste wood program in collaboration with the Malaysian Prison Department
- In excess of 1 000 workers (of which 40% were skilled and semi-skilled locals) benefitted from the training focused on carpentry and mechanics

Our main contribution is towards SDG 4 sub-targets:

- By 2030, substantially increase the number of youths and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship
- By 2030, ensure that all girls and boys have access to quality early childhood development, care, and pre-primary education so that they are ready for primary education





Mozambique

Malaria Vector Control Programme

Project: 40 MW project located in Mocuba, Mozambique

Background: High risk malaria area

Program partnership: Funded by Scatec Solar and Norfund. Implemented by IMCC (Integrated Malaria Control Consulting) and Scatec Solar.

The programme consists of two main phases:

- Phase I: Work-based programme to cover the approximately 700 workers on the project site and their households
- Phase II: Community based programme to cover local households in the surrounding communities

Local job creation: Recruited four individuals from the local communities surrounding the project site to become spray operators in the first phase of the programme.

Current status: The first phase was kicked off in late 2018 with training of local spray operators. The local team is currently initiating indoor residuals spraying of households, for phase I.

To increase local job creation, we recruited four individuals from the local communities to become spray operators in our malaria programme in Mozambique.



Brazil

Local entrepreneurship project

Location: Quixere in the state of Ceará, Northeast region of Brazil

Purpose: Establish an innovation and knowledge hub for existing and new entrepreneurs locally

Partners: Partnership with CIEDS – NGO specialising in education and training with more than 20 years of experience

Total budget: USD 88,000

Community mapping: Developed a Social Diagnosis Report mapping demographics, local challenges, and skills and education levels. Local authorities were involved in the mapping phase and an open dialogue was established to explore where we can contribute the most.

Current activities: Established a local project group and selected 20 established contractors and 50 new entrepreneurs to become part of the network, with access to specialists in their relevant fields.

Goal: To support the group with their local challenges and improve their existing businesses and new business proposals

Our ambitions and goals

Our targets for 2019 and onwards are outlined below:

Community engagement

- Initiate our community engagement efforts at least six months prior to the expected construction start
- Develop a stakeholder engagement plan for all projects in line with the IFC's Performance Standards
- Resolve all project grievances within two months of their registration
- Appoint a designated Community Liaison Officer in all projects

Local job creation

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

Local development

- Dedicate a specific budget for development programmes for each project, aligned with local community needs
- Minimum one long-term education-related programme in all solar projects
- Start to implement small-scale solar PV projects to benefit local communities in new projects – implement at least one new project in 2019





Global Reporting Initiative (GRI)







Global Reporting Initiative (GRI) content index 2018







INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
GRI 102-14	Statement from senior decision maker	Page 4-5
Organisational profile		
GRI 102-1	Name of the organization	Scatec Solar ASA
GRI 102-2	Activities, brands, products and services	Annual Report. Pages 6-7 Corporate website: www.scatecsolar.com/about
GRI 102-3	Location of the organisation's headquarters	Karenslyst Allé 49, 0279 Oslo, Norway
GRI 102-4	Location of operations	Pages 6-7 Corporate website: www.scatecsolar.com/portfolio
GRI 102-5	Ownership and legal form	Corporate website: www.scatecsolar.com/investor/share
GRI 102-6	Markets served	Pages 6-7
GRI 102-7	Scale of organization	Pages 6-7 Annual Report
GRI 102-8	Information on employees and other workers	Pages 46-48 + Appendix, Section 5
GRI 102-9	Supply chain	Pages 42-44
GRI 102-10	Significant changes to the organisation and its supply chain	Pages 10, 42-44
GRI 102-11	Precautionary Principle or approach	As a signatory to the UN Global Compact we respect Principle 7 and it represents a guiding principle in assessing and managing risks related to the environment, HSSE, the supply chain, and other areas as described throughout this report.
GRI 102-12	External initiatives	UN Sustainable Development Goals Global Reporting Initiative (GRI) UN Global Compact
GRI 102-13	Membership of associations	Oslo Renewable Energy and Environment Cluster (OREEC) Norwegian Energy Partners (NORWEP) South African Photovoltaic Industry Association (SAPVIA)
GRI 102-41	Collective bargaining agreements	11% percent of the workforce are covered by collective bargaining agreements. Page 49



INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Report profile		
GRI 102-45	Entities included in the consolidated financial statements	Appendix, Section 4
GRI 102-46	Defining report content and topic boundaries	Unless stated otherwise, the scope of the report includes the company Scatec Solar ASA: all employees, offices, and operations.
GRI 102-47	List of material topics	Page 14 + Appendix, Section 2
GRI 102-48	Restatements of information	Not applicable.
GRI 102-49	Changes in reporting	Not applicable.
GRI 192-50	Reporting period	FY 2018
GRI 102-51	Date of previous report	FY 2017
GRI 102-52	Reporting cycle	Annually
GRI 102-53	Contact point	Julie Hamre, Senior Sustainability Advisor julie.hamre@scatecsolar.com or post@scatecsolar.com
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards "Core option".
GRI 102-56	External assurance	The climate reporting has been externally assured by DNV GL.
Stakeholder engagement		
GRI 102-40	List of stakeholder groups	Page 13
GRI 102-42	Identifying and selecting stakeholders	Pages 12-14
GRI 102-43	Approach to stakeholder engagement	Pages 12-15
GRI 102-44	Key topics and concerns raised	Pages 14-17 + Appendix, Section 1
GRI 102-18	Governance structure	Page 8
GRI 102-16	Values, standards, principles, and norms	Page 8 and throughout the report

Specific standard disclosures

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Indirect Economic Impacts		
GRI 203-2		
 	Significant indirect economic impacts	Pages 51-60
Procurement Practices		
GRI 204-1	Proportion of spending on local suppliers	Suppliers are defined as suppliers and service providers of goods and services to Scatec Solar Solutions (project execution) unless otherwise specified. Pages 42-44, 53-54
Supplier Environmental and Social Assessment		
GRI 308-1	New suppliers that were screened using environmental criteria	100%. Pages 42-44
GRI 414-1		
	New suppliers that were screened using social criteria	100%. Pages 42-44
Anti-corruption		
GRI 205-1	Operations assessed for risks related to corruption	All Scatec Solar's operations are assessed for risks related to corruption. Page 40
GRI 205-3	Confirmed incidents of corruption and actions taken	No confirmed incident of corruption registered in 2018. Page 40
Water		
GRI 303-1	Interactions with water as a shared resource	Page 27
GRI 303-2	Water withdrawal	We aim to report fully on water withdrawal from our operations in 2019. Page 27
Emissions		
GRI 305-1		
	Direct (Scope 1) greenhouse gas emissions	Pages 21, 28-30
GRI 305-2		
	Energy indirect (Scope 2) greenhouse gas emissions	Pages 21, 28-30
GRI 305-3		
	Other indirect (Scope 3) greenhouse gas emissions	Pages 21, 28-30

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Environmental and Socio-economic Compliance		
GRI 307-1	Non-compliance with environmental laws and regulations	No significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations in 2018.
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No significant fines or non-monetary sanctions for non-compliance with social and economic laws and/or regulations in 2018.
Employment		
GRI 401-1		
	New employee hires and employee turnover	Page 46, Appendix section 5
Training and education		
GRI 404-2		
	Programmes for upgrading employee skills and transition assistance programmes	Pages 48-49
Diversity and Equal Opportunity		
GRI 405-1		
	Diversity of governance bodies and employees	Page 48
Non-discrimination		
GRI 406-1		
	Incidents of discrimination and corrective actions taken	One reported incident of discrimination in 2018. Page 40
Occupational Health and Safety		
GRI 403-2		
	Types of injuries and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pages 32-36
Freedom of Association and Collective Bargaining		
GRI 407-1		
	Operations and suppliers in which the right to freedom of association and collective bargaining might be at risk	The percentage of full-time and short-term employees who are covered by formal collective bargaining agreements is 11%. Page 49

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Security Practices		
GRI 410-1	Security personnel trained in human rights policies and procedures	Page 27
Human Rights Assessments		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Page 23-25
Local Communities		
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	100%. Pages 22-30, 51-60
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Pages 23-30, 51-60
Public Policy		
GRI 415-1	Political contributions	No political contributions in 2018.

Appendix

1 Stakeholder engagement

Key topics and concerns that have been raised through stakeholder engagement, including:

- How the organisation has responded to those key topics and concerns, including through its reporting
- The stakeholder groups that raised each of the key topics and concerns

STAKEHOLDER GROUP	ENGAGEMENT (102-43)	KEY CONCERNS (102-44 I)	RESPONSE (102-44 II)
National governments and customers	Close dialogue with national governments is a natural part of our operations and our projects often involve regular dialogue. This dialogue is usually conducted by our project development team or community liaisons.	The main concern of governments in host countries, that will often also be our customers, is local impacts and value creation , which usually include the economic value of the projects, increased access to energy, the potential for direct and indirect job creation.	Refer to chapter 3
Local government and communities	A social impact assessment is conducted in planning all projects and based on this assessment, a plan for stakeholder engagement is developed. Scatec Solar emphasises continuous dialogue with local and regional communities to manage and meet expectations. A dedicated community liaison officer (CLO) is appointed in all our locations.	The main concern of local governments and communities is also local impacts and value creation, specifically job creation, local content, and education/training.	Refer to chapter 3
Co-investors and partners	A detailed dialogue regarding expectations is the starting point for all partnerships, and is detailed in our agreements. Depending on the partnership, we maintain a close dialogue with our partners.	Co-investors and partners are concerned that we be a trustworthy business partner who applies international best-practice standards such as the IFC's Performance Standards and the Equator Principles to manage environmental and social impacts. Investors with a specific impact-investment focus are also concerned with the local value creation, and with promotion of green energy. Some of our partners are also concerned with our ability to promote Norwegian exports	Refer to chapters 2 and 3
Financing partners	Financing partners are mainly engaged prior to providing capital, and often have very specific requirements regarding how environmental, social, and governance factors are assessed and managed.	Financing partners also focus on our business conduct and on our efforts to ensure that we are a trustworthy business partner. Local financiers and financiers with an impact focus are also concerned with our local impact and value creation regarding, for example, access to energy and job creation.	Refer to chapters 2 and 3
Shareholders	Existing and potential shareholders are engaged on a regular basis and often express their concerns and expectations directly to top management.	Shareholders are concerned with the ability to create value in the short and longer terms and with governance aspects such as anti-corruption and being a trustworthy business partner.	Refer to chapter 2
Employees	Our employees make up our company and who we are.	Many of our employees are proud of our social and environmental impact through promoting renewable energy and our ability to demonstrate local value creation. Employees are also concerned about own working conditions, health and safety, and about opportunities to develop competencies and their career paths.	Refer to chapters 1, 2 and 3
Contractors	Contractors concerns are heard as part of the project they are involved with and our contractors are considered as if they were our own employees when on our sites.	Contractors that work on our projects are concerned with their working conditions, fair wages, health and safety and opportunities to develop competencies.	Refer to chapter 2

STAKEHOLDER GROUP	ENGAGEMENT (102-43)	KEY CONCERNS (102-44 I)	RESPONSE (102-44 II)
Norwegian government and regulators	The Norwegian government is engaged through the various institutions that are interested in our efforts in Norway and in other countries.	The Norwegian government regulates our efforts and is also interested in supporting the positive impacts of our efforts in Norway and abroad.	Refer to chapters 1 and 3
Suppliers	Supplier visits are undertaken each year to monitor and establish a platform for good dialogue and feedback.	Our suppliers are concerned with fair pricing, working conditions, and health and safety.	Refer to chapter 2
NGOs	NGOs that represent local communities are engaged through each phase of the project. Environmental NGOs in Norway are engaged through collaboration with regard to promoting renewable energy.	NGOs in the local communities are concerned with our ability to create local value. Norwegian environmental NGOs support us in our efforts to promote renewable energy.	Refer to chapters 1 and 3

2 Definition of topics in materiality matrix

Promoting and financing solar energy

Promoting solar energy: Take on a role to promote solar energy and contribute to the reduction of greenhouse gas emissions. Share knowledge and experiences of the benefits of renewable energy in dialogue with policy makers, local authorities, investors and other partners.

Climate risk and opportunities: Identify, evaluate and respond to potential climate-related risks and opportunities to our people, business and physical assets

Innovative and green finance solutions: Explore and leverage on innovative ways to raise capital such as carbon and climate finance.

Environmental Governance

Biodiversity: Avoid and minimize negative impacts on biodiversity (ecosystems, plants, animals) and ensure that this is sustainably managed and conserved for future generations

Water management: Promote responsible and efficient use of water in sourcing of materials, construction and operations

Waste management: Prevent or minimize the impact of waste

Greenhouse gas (GHG) emissions: Report on our company's greenhouse gas emissions to establish an overview of our own emissions and how to potentially reduce them

End-of-life management: Ensure that our solar energy systems can be reused, recycled or disposed safely through designing recyclable modules, implementing take-back systems etc.

Social Governance

Land resettlement: Avoid involuntary resettlement wherever possible and minimize the impact on individuals displaced through mitigation measures such as fair compensation and improvements to living conditions.

Stakeholder engagement: Interact with and influence project stakeholders to the overall benefit of the project and its advocates through consultation, communication, negotiation, compromise, and relationship building

Human rights: Respect human rights and recognize our responsibility of avoiding the infringement of rights of local communities or other stakeholders wherever the company operates

Local job creation and training: Contribute to local job creation and skills transfer to the communities where we operate

Local development programs: Implement community development programmes in the local communities where we have operations addressing local needs and social challenges

Community engagement: Ongoing communication in communities about the project and potential impacts, manage expectations and ensure local support and understanding of our projects

Anti-corruption

Ensure continuous focus on a zero-tolerance approach to bribery and corruption and strive for high standards of business ethics.

Responsible procurement

Select suppliers based on relevant sustainability criteria including high environmental standards and performance, strong social performance (related to e.g. health and safety and working conditions and respect for human rights) and strong scores on transparency and anti-corruption.

Health, Safety, Security and Environment (HSSE)

Health, safety and environment: Continuously work for zero harm to personnel, materials and the environment

Labour conditions (employees): Ensure fair working hours, wages and physical conditions for all employees working on site

Labour conditions (contractors): Ensure fair working hours, wages and physical conditions for all contractors' employees working on site

Contractor safety and monitoring: Define and communicate our health and safety standards to contractors and monitor their performance

Security and emergency preparedness: Prepare for and be able to respond to emergencies and minimize all consequential impacts/losses

Our people

Talent attraction and retention: Have systems in place to attract new talents and retain existing talent

Human capital development: Develop human capital (knowledge, skills and abilities) in our organization through relevant training and education

Diversity and equal opportunity: Provide equal opportunities and value diversity of people (gender, cultural background and age)

Freedom of association & collective bargaining: Support the right of workers to organize unions and associations to pursue their interests and take collective action

3 Greenhouse gas emissions methodology

Scatec Solar uses The GHG Protocol - Corporate Accounting and Reporting Standard to calculate its emissions. Direct greenhouse gas emissions reported under Scope 1 include those resulting from onsite backup generators, Scatec Solar vehicles and other maintenance activities. Emissions factors for fuels are from the UK Government's Conversion Factors for greenhouse gas reporting, 2018. Indirect emissions reported under Scope 2, are reported for offices and onsite maintenance facilities, with emissions factors from the IEA's statistics with a 3 year rolling average from 2014-2016, CO₂ Emissions from Fuel Combustion 2018 edition. Scope 2 emissions are reported using both the market-based and location-based method. Scatec Solar does not purchase any guarantees of origin (GoO). Scope 3 emissions are currently reported for business related flights using an average factor from the UK government conversion factor list.

4 Entities included in the consolidated financial statements

Refer to the Annual Report 2018 for a complete list of all the entities included in the organisation's consolidated financial statements.

5 Information on employees and other workers

See tables on next page for information on employees and other workers.

	MEN	WOMEN	TOTAL
Permanent employment	164	82	246
Temporary employment	148	35	183

Temporary employment=Short term + consultants

	EUROPE	AFRICA	LATIN AMERICA	MENA	ASIA	TOTAL
Permanent employment	90	91	30	13	22	246
Temporary employment	55	36	29	43	20	183

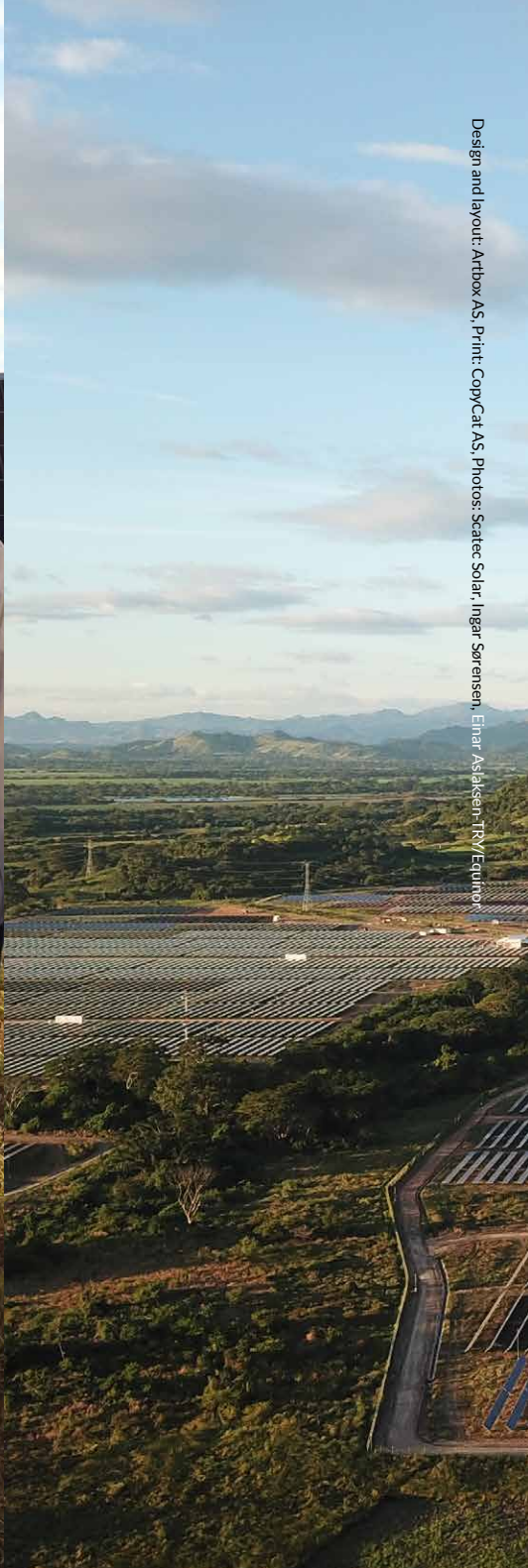
Temporary employment=Short term + consultants

	MEN	WOMEN	TOTAL
Full time	305	114	419
Part time	7	2	9
Total	312	116	428

Turnover

AGE	TURNOVER 2018 %
18 - 29	2.8
30 - 49	12.6
50 - 70	20.4

GENDER	TURNOVER 2018 %
Male	10.1
Female	15.2



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