

Our Approach

In 2017, we decided to take an important step forward with our efforts to improve reporting practices and increase transparency.

From now on our sustainability report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, a global best practice framework that provides standardization and increased availability of quantitative and qualitative data and performance. This is a result of a thorough evaluation of our sustainability strategy, stakeholder engagement and expectations, and a desire to better demonstrate how our company operates across a range of economic, environmental and social aspects.

Stakeholder groups

Three years ago, we started a comprehensive process to identify and prioritise material sustainability aspects for our company. This process represents the foundation for the implementation of the GRI framework. The first step included a mapping of stakeholder groups based on the methodology defined in the AA1000 Stakeholder engagement standard. The stakeholder groups that were defined are groups that either are impacted by Scatec Solar, impact Scatec Solar and/or are invested in the success or failure of the company. The definition of stakeholder groups were tested on internal stakeholders and anchored at top management level. The list of stakeholders is shown on the next page.

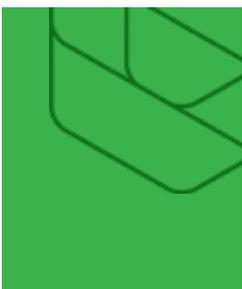
Our sustainability priorities

The material sustainability topics for our company are defined based on an assessment of key stakeholder expectations, the significance of social, economic and environmental impacts and relevance to our strategy. It also stems from ongoing stakeholder dialogue that is part of daily business on the

ground when planning and executing projects, as well as from the corporate level through stakeholders such as investors, regulators and financiers.

Key topics and concerns raised through stakeholder engagement are the basis of this report. The main concern of governments in host countries, that will often also be our customers, is mostly local impacts and value creation, which usually includes the economic value of the projects, increased access to energy and the potential for direct and indirect job creation, local content and education/training. Close dialogue with national governments is a natural part of our operations usually conducted by our project development team and community liaison officers. The main focus of local governments and communities is also local impact and value creation, specifically job creation, local content and education/training. A social impact assessment is conducted as part of the planning of all projects and based on this we develop a plan for stakeholder engagement. Scatec Solar emphasizes continuous dialogue with local and regional communities and other stakeholders in order to manage and meet expectations.

Co-investors and partners want to be assured that we are a trustworthy business partner that applies international best practice standards such as the International Finance Corporation (IFC) Performance Standards and the Equator Principles to manage environmental and social impacts. Investors with a specific impact investment focus are also concerned with local value creation and promotion of green energy. Some of our partners are also engaged with our ability



«The Global Reporting Initiative enables us to better analyse and communicate our impacts across a range of critical economic, environmental and social aspects»

Roar Haugland, EVP Sustainability & HSSE



National governments and customers



Local governments and communities



Co-investors and partners



NGO's



Financing partners

Our stakeholder groups



Suppliers



Shareholders



Norwegian government



Contractors



Employees

to promote Norwegian exports. A detailed dialogue regarding expectations is the starting point for all partnerships, and this is carefully detailed in our agreements. Financing partners also focus on our business conduct and efforts to ensure that we are a trustworthy business partner. Financing partners are mainly engaged prior to providing capital, and they often have very specific requirements with regards to how environmental, social and governance factors are assessed and managed.

Shareholders are interested in our ability to create value in the short and longer term and governance aspects such as anti-corruption. Existing and potential shareholders are engaged on a regular basis and often express their concerns and expectations directly to top management. See appendix 1 for more.

Materiality assessment

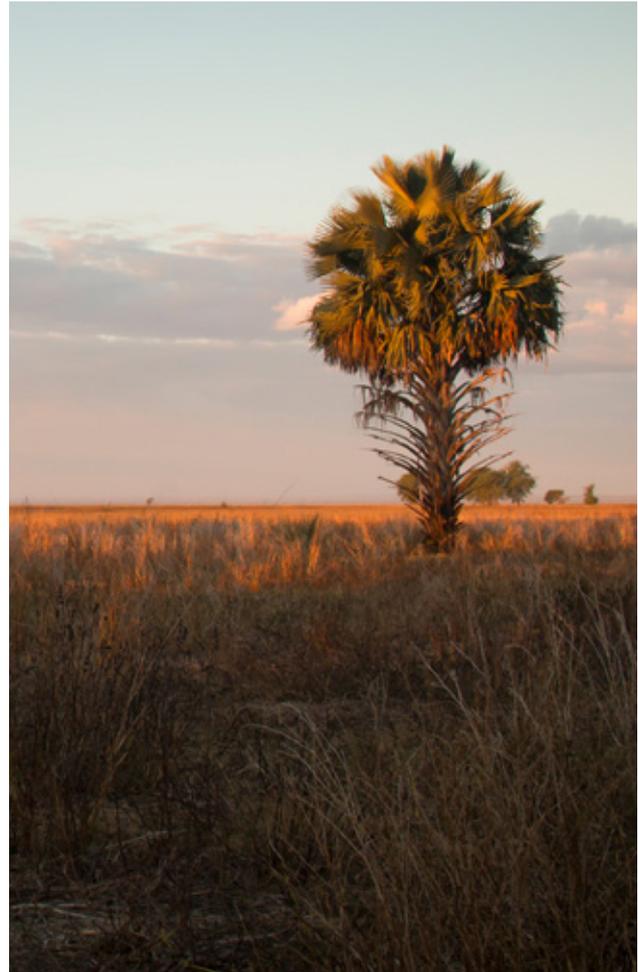
The materiality assessment serves as the basis for our sustainability framework (see next pages). Material aspects of high importance to stakeholders and high relevance for Scatec Solar's strategy attainment are shown in the top right corner. The material topics receive a high degree of management attention with clear goals that are monitored on a regular basis and reported externally. The rest of the topics are also considered important, but given less focus from stakeholders and considered less related to the company's strategy.

Ongoing stakeholder engagement

During 2017, we engaged with several different stakeholders specifically as part of the preparation process for this sustainability report. This included interviews to discuss our sustainability reporting and practices with various stakeholder groups ranging from partners, local municipalities, social investment funds, investment management companies, academic institutions and specialists in the field. Key topics and concerns raised through these meetings involved for example climate reporting, environmental and social governance, materiality assessment and quantitative data. The feedback from our stakeholders played a vital role for this year's report and improvement areas. The stakeholder meetings also reinforced the relevance of the topics in our materiality assessment presented on the next page.

Governance

Sustainability is an integral part of our organisation and 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 field



workers who report to the global headquarter 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 function develops key performance indicators reviewed by the management on an annual basis. When relevant, both the Management and the Board of Directors review specific material 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 topic related to sustainability 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 in 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.

Materiality assessment

The materiality assessment below serves as the basis for our sustainability framework (see next page). Material aspects of high importance to stakeholders and high relevance for Scatec Solar's strategy attainment are shown in the top right corner.



Sustainability Framework

The structure of our sustainability report is founded on our sustainability framework presented below, which illustrates the most material topics for our company.



Scatec Solar's Value Chain



Project development

- Site development
- System design
- Business case
- Permitting
- Grid connection
- PPA negotiation / tender / FiT



Financing

- Detailed design & engineering
- Component tendering
- Debt / Equity structuring
- Due Diligence



Construction

- Engineering and Procurement
- Construction management
- Quality assurance



Operations

- Maximize performance and availability
- Maintenance and repair



Ownership (IPP)

- Asset management
- Financial and operational optimization