Sustainability Report

2017

Scatec Solar
Improving our future™

Index

CEO Letter

This year, we have made an honest start to take our Sustainability Report to a new level by incorporating the Global Reporting Initiative (GRI) Standards.

This year, we signal a new start to take our Sustainability Report to a higher level by incorporating the Global Reporting Initiative (GRI) Standards. This is a solid outcome of a feedback process we conducted with our key stakeholders to further develop our sustainability reporting practices. As a trusted reference for policy makers and regulators worldwide, GRI enables credible non-financial reporting. In collecting all the relevant qualitative and quantitative data and measuring our sustainability performance, we bring more focus on climate reporting and ESG – Environmental, Social and Governance standards - areas where we have established a good track record. But we also identify gaps where we could improve in the coming years.

Constant improvement is part of our business philosophy. In 2014, when we launched our first sustainability report, we focused on the material issues that impact us and how we impact the conditions where we operate. Last year, we integrated into our sustainability framework the six Sustainable Development Goals of the United Nations that we can contribute the most to, both through our business operations and through our local development programmes. We now launch steps to adopt the GRI Standards.

Looking at wider industry trends, it is rewarding to see solar technology getting cheaper, faster. Solar panels are increasing in efficiency, which means more electricity can be produced in less area, presenting new and different business opportunities. The industry's attention is also turning towards reducing the cost of battery storage. This will contribute to further deployment of both wind and solar, which is set to become cheaper than coal. By compensating variations, battery storage will enhance the development of renewable energy as a stable source to meet more than 50% of the world's electricity needs by 2040. This is a dramatic statistic.

Solar energy as a significant source of future electricity is acknowledged and to realize this potential, our finest asset is our repeat equity and debt partners as for example Norfund, KLP and several development banks, who have strong international presence and reputation. They understand the local market and have longstanding deep relations with the important local stakeholders. They also see the value of our business model as an Integrated Power Producer (IPP). We have a unique 360-degree vision of the costs, benefits, risks and potential of a project. This is a complicated process with hundreds of contracts, permits and regulatory requirements, and as we handle each of the different segments with high governance standards, our ethical and holistic approach facilitates governments and investors to launch solar projects – and thereby contribute to the health of the planet. Our project development, design, execution, operation and maintenance capability excels, matching our project finance expertise. Financial innovation has been key in launching new projects and contributing to our ability to provide safe, clean and affordable solar energy in multiple continents.

Local value creation is an important aspect of sustainable business practices. Just to give one example, a key area of satisfaction has been the outcome of our support for the Chair in Photovoltaics systems in South Africa's Stellenbosch University. The program is gaining traction with a healthy intake and students are doing innovative research on hardware as well as software – such as algorithms that can forecast short term yields based on sunshine patterns. This can contribute to significant progress within the solar energy industry, and also present exciting export opportunities for solar energy expertise. Sustainability remains integral to and beyond our business operations.

Raymond Carlsen (CEO)

Executive Summary

2017 was an eventful year with significant value creation and challenges that led to learning on many fronts.

On the back end of an assessment of our sustainability strategy and feedback from key stakeholders during the year, we decided to start reporting in accordance with the Global Reporting Initiative (GRI) Standards. Further we continued the work to integrate six of the United Nations Sustainable Development Goals (SDGs) into our sustainability strategy by aligning our existing sustainability targets with the SDGs and developing new targets and activities.

In 2017 we continued to strengthen our organization within all regions and functions. In preparation for stronger growth we recruited about 50 employees over the year and permanent employees is now at 184, represented by more than 20 nationalities. Worldwide, women accounted for 37% of our staff in 2017, up from 28% in 2016.

There were no fatal accidents in 2017. The Injury Rate (IR), excluding first aid injuries, amounted to 3.4 per million working hours, where 3.7 related to contractors and 2.7 to our own employees. We had two lost time injuries during the year.

Our solar power plants in operation resulted in avoiding more than 700,000 tons of greenhouse gas emissions in 2017. A figure that will more than double when projects currently under construction are grid connected. We also started to examine our own climate effect by collecting emissions data from all our operating sites, offices and employee air travels. The total greenhouse gas emissions for 2017 is estimated to 2,879 tons of CO_2.

We worked to further improve the environmental and social governance integration in the development phase of our projects. As a consequence of our ambitious project construction roll out, we completed environmental and social impact assessments for several projects during the year. Stakeholder engagement efforts were carried out in Malaysia, Brazil, Mozambique and Honduras through stakeholder meetings and close dialogues with a broad range of stakeholders. The implementation of our Mocuba project in Mozambique resulted in an economic displacement of more than 200 households. We worked actively to mitigate the effects of this by ensuring that all households are assisted in adapting and restoring their livelihoods to pre-project standards at a minimum. All according to the International Finance Cooperation (IFC) Performance Standards.

Local value creation was a key priority throughout the year with strong emphasis on local job creation and development of local communities surrounding our plants. We implemented several new local development initiatives including community internet cafes and training courses in South Africa, a pineapple plantation in Rwanda, a rooftop solar system for a youth club in Jordan and a reforestation program and donations of school supplies in Honduras to mention a few.

In 2017, all operations in our value chain and business partners of our company were assessed for risks related to corruption. We reported one confirmed incident of corruption through our whistle blower channel during the year, which resulted in the termination of a contract with an employee and a supplier.

To work even closer with our suppliers going forward we initiated a Supplier Development Programme for our key suppliers with a focus on social and environmental targets to be evaluated annually. The percentage of new suppliers in 2017 that were screened for social and environmental criteria was 100%.

«Local value creation was a key priority throughout the year with strong emphasis on local job creation and development of local communities surrounding our plants»

Our Vision

Improving our future

Our Mission

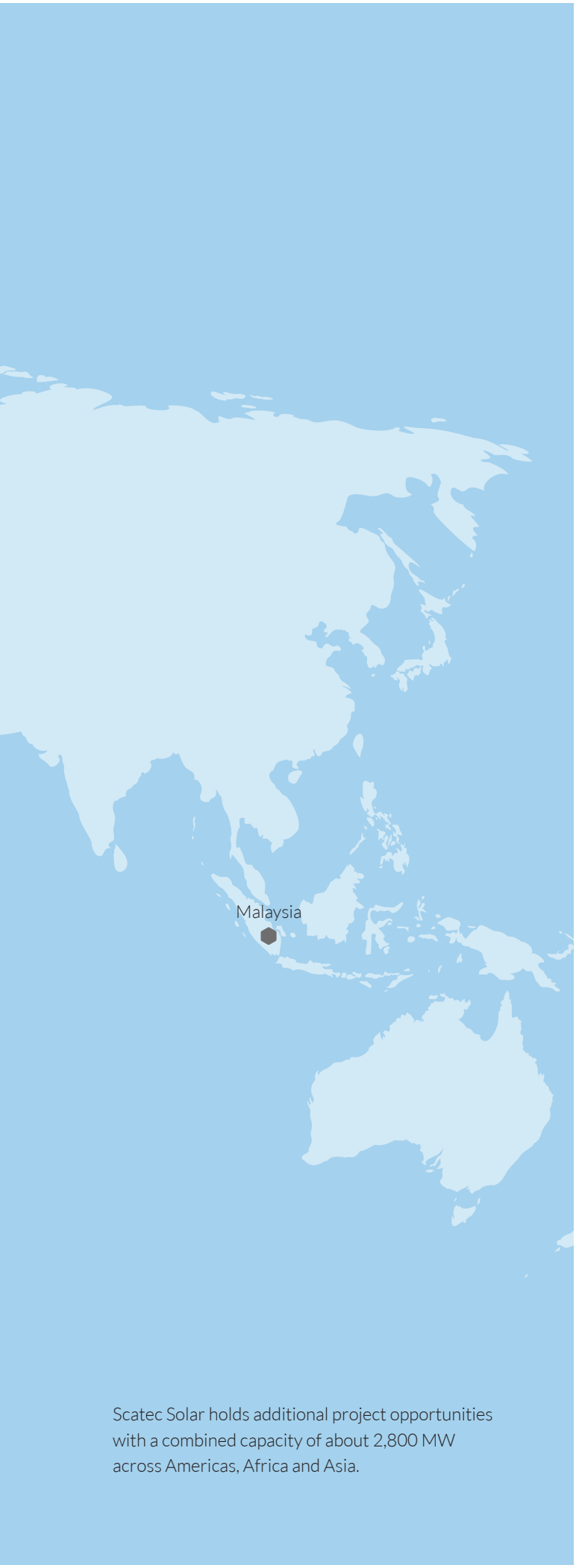
To deliver competitive and sustainable solar energy globally, to protect our environment and to improve quality of life through innovative integration of reliable technology

Our Values

Predictable
Working Together
Driving results
Changemakers

Operating Across the Globe

- Solar plants in operation: 322 MW
- Plants under construction: 434 MW
- Projects in backlog 749 MW
- Projects in pipeline



Scatec Solar holds additional project opportunities with a combined capacity of about 2,800 MW across Americas, Africa and Asia.

Employees:

184

In operation:

322 MW

Under construction:

434 MW

Greenhouse gas emissions avoided 2017

700,000 tons of CO_2

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

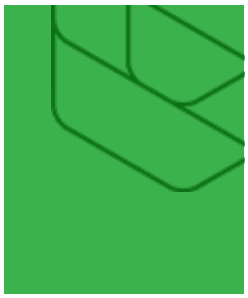
Three years ago, we started a comprehensive process to identify and prioritise material sustainability aspects for our company. This process represents the foundation for the implementation of the GRI framework. The first step included a mapping of stakeholder groups based on the methodology defined 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

Our stakeholder groups

National governments and customers

Local governments and communities

Co-investors and partners

NGO's

Financing partners

Suppliers

Shareholders

Norwegian governments

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

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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)

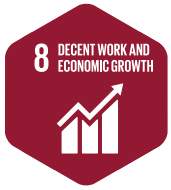
- Asset management
- Financial and operational optimization

UN Sustainable Development Goals

In 2016 we incorporated six of the United Nations Sustainable Development Goals (UN SDGs) to show our support, strengthen our reporting and highlight areas to which we can contribute the most. The goals represent a way to prioritize our activities and initiatives in local communities and other relevant areas of our business. During this year, we have worked to review and further integrate the goals into our sustainability strategy by aligning our existing sustainability targets with each SDG and developing new targets and activities.

Scatec Solar acknowledges the importance of education and its role in transforming lives and fostering economic growth. We put strong emphasis on our contribution to education through local development programs from early childhood to adult vocational training and general skill enhancement. We have set a target to have minimum one development program related to education in every country where we have a solar plant in operation. In most countries, we have several different programmes across a broad range of age groups.

Scatec Solar's main objective is to deliver competitive and sustainable solar energy globally. As a company, we contribute directly to the sustainability goal "Affordable and clean energy". We currently have more than 700 MW installed capacity in operation and under construction in Europe, Africa, the Middle East, Latin America and Asia. Renewable energy is one of the fastest growing markets globally and we aim to have 1,300-1,500 MW in operation and under construction by the end of 2018.



Scatec Solar is strongly committed to providing fair, safe and healthy working conditions and always avoid the use of child or forced labor. Scatec Solar contributes, to job creation by employing local labour and suppliers as far as possible, regardless of whether this is a requirement or not. This contributes to reducing unemployment rates and provides knowledge and technical skills transfer to the communities where we are present. We also support and manage several Economic Development (ED) initiatives with the overall aim of enabling the sustainability of the regional economies surrounding our projects. Going forward, this will be an area of particular focus to us.

Scatec Solar attaches strong importance to local value creation – to create local jobs, enhance local skills, strengthen local supply chains, support entrepreneurship, fund research and community development programmes. We establish local development programmes for all our solar projects to contribute directly in the communities where we have operations. In addition to increasing access to electricity, one of our main efforts to contribute to sustainable cities and communities is local development programmes in the field of education, vocational training, health and infrastructure.

We always work to minimize our impact on the environment. We conduct environmental and social impact assessments for all projects to anticipate risks and we establish management systems to avoid, minimize and compensate for our impacts. We recognize that solar energy development may result in loss or fragmentation of habitat and/or disturbance of protected species. Whenever possible, Scatec Solar avoids impacts on biodiversity and ecosystem services. If an impact is unavoidable, measures are implemented to minimize impacts and restore biodiversity.

Our partnership-based approach is essential to our role as an integrated solar power producer, which requires solid partnerships with governments, authorities, developers, financing partners, contractors, suppliers, shareholders, NGOs and others. We work with strong and trusted partners such as the IFC, Norfund, KLP and several major international development banks that all have high standards for the projects and their associated impacts. Serious and credible partners return to us because of our proven track record from implementing projects in complex markets. Our strong partnerships represent a win-win because we build on each other's strengths and we gain new allies.

Delivering competitive renewable energy

Delivering clean and competitive energy

Our policy

We have established a track record for delivering, rapidly deployable and affordable supply of solar electricity. A long-term player, we seek operational excellence for our solar plants, which is essential to earn the trust of host countries and local communities, our customers and our business partners.

Our business model is based on the following fundamentals:

- Build solar power plants based on the highest industry standards and according to the "Scatec Solar Quality Policy"
- Operate and maintain the plants to ensure maximum performance throughout the lifetime of the plants

Electricity is vital for the economic growth of nations. We strive to increase access to clean, affordable and renewable electricity generation in emerging markets. Technological advances have considerably reduced the cost of all components, making solar energy competitive and the cheapest source of new electricity in many countries. The growth of our business, in itself, positively contributes to tackling several major global challenges such as increasing energy access, bridging energy deficits, tackling climate change, fighting pollution and contributing to help nations meet their carbon emission reduction commitments. We seek to demonstrate that the key to growth is to drive change through new and holistic solutions. Our policy is also to:

Our policy is also to:

- Actively pursue new project opportunities within prioritised regions to secure a robust project pipeline
- Develop projects in collaboration with local partners that bridge energy gaps and provide clean energy achievements and results in 2017

Our achievements and results in 2017

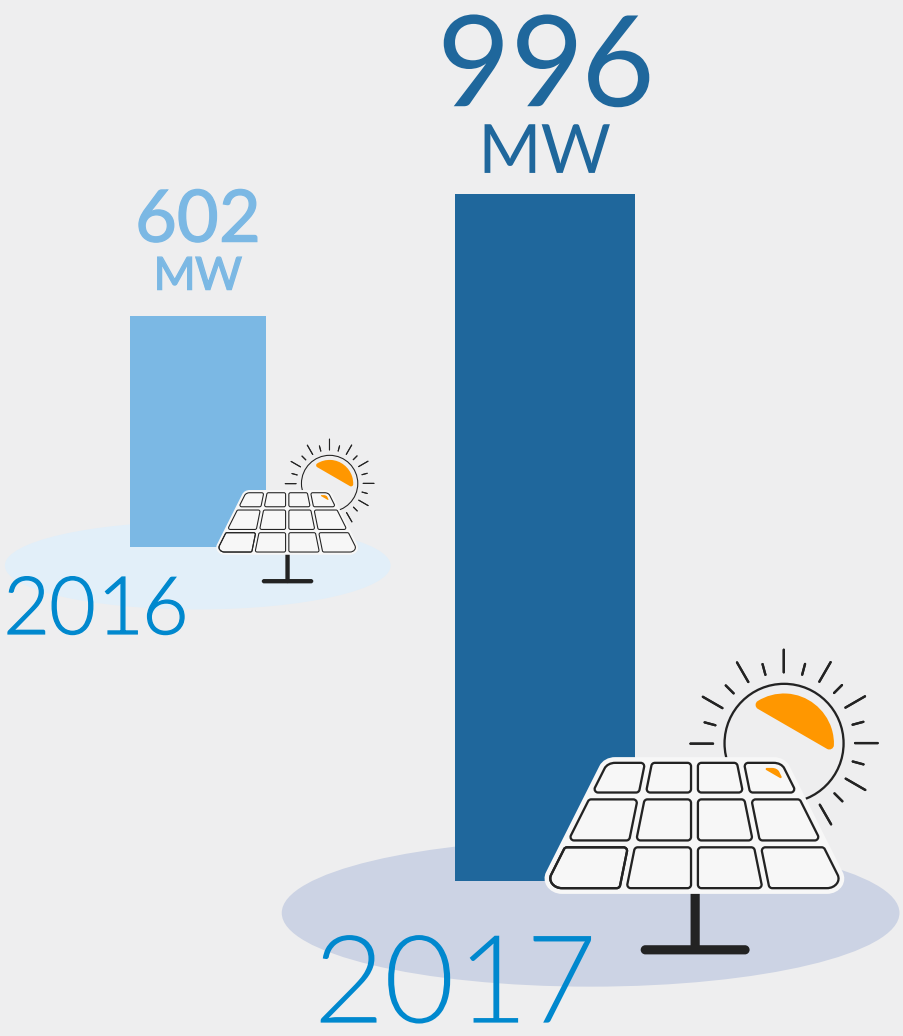
Scatec Solar made significant progress this year reaching financial close for nearly 800 MW in Malaysia, Brazil, Honduras and Egypt. In October 2017, we announced the establishment of a 50/50 joint venture with Statoil to build, own and operate large scale solar plants in Brazil. The potential for solar energy in Brazil is substantial and together with Statoil we are increasing our ambitions further in this market. The joint venture has an ambition to become a significant player in the Brazilian solar market and reaching financial close for the 162 MW projects located near Recife was a significant first step.

Financial close:

The date when all conditions of debt funding have been achieved and equity funding has been subscribed for, including execution of all project agreements

«We are bringing into the partnership a strong track record as an integrated independent solar power producer, while Statoil has a strong engagement and experience from Brazil through its other energy activities»

Raymond Carlsen, CEO



Accumulated installed capacity

At year-end, Scatec Solar was producing electricity from twelve solar power plants totalling 322 MW and had an additional 434 MW under construction. The total production from the plants in operation in 2017 reached 627 GWh, down from 791 GWh in 2016. The lower production in 2017 is explained by the sale of the 104 MW Utah Red Hills solar plant in the US in 2016. The production performance (plant uptime) of our power-producing assets across the portfolio has been above 99%.

Financial close for the three solar plants in Malaysia, totalling 197 MW was also reached towards the end of 2017. The solar projects are expected to generate 282,000 MWh of electricity and avoid about 210,000 tons of carbon emissions per year.

By end of October 2017, Scatec Solar and partners also reached financial close for the six solar projects in Egypt. The projects involving a total investment of USD 450 million are located in the Benban solar park near Aswan, Upper Egypt. Upon completion, Benban will be the largest solar installation in the world with a planned total capacity of 1,800 MW. The annual 870 GWh of electricity that will be produced from our 400 MW solar plants are expected to avoid about 350,000 tons of CO_2 emissions per year, supporting Egypt's emission reduction targets under the Paris Climate Agreement.

Project backlog

Our project backlog currently stands at 789 MW.
See table below for an overview of each project.

BACKLOG PROJECTS	CAPACITY
Aswan, Egypt	400 MW
Upington, South Africa	258 MW
Segou, Mali	33 MW
Los Prados (phase II), Honduras	18 MW
RedSol, Malaysia	40 MW
Total	749 MW

Projects with a secure off-take agreement and assessed to have more than 90% likelihood of reaching financial close and subsequent realisation

Scatec Solar is continuously exploring partnerships and new and innovative business models for additional growth. This year the company established a new business area focused on opportunities and projects outside the core scope of the company. The fast pace of cost reductions and technology innovations in renewable energies is opening up a broad set of new business opportunities. New ventures will also introduce potential new risks, challenges and impacts, and as we mature this area we will make appropriate risk assessments and plans.

Our ambitions and goals

In 2018, we will work with dedication to manage the execution of our solar projects under construction in Malaysia, Brazil and Honduras. In parallel, we will continue to develop the rest of the backlog projects in Egypt, South Africa, Mozambique and Mali, totalling more than 700 MW. We will work to develop and complete these projects and continue to use our expanding base of experience from existing operations to provide inputs to enhance design and operating procedures for new solar power plants.

Scatec Solar has an ambition to reach 1,300-1,500 MW of solar power plants in operation and under construction by the end of 2018. At the time of publishing this report, we have 322 MW in operation, 394 under construction and a project backlog and pipeline of projects with a combined capacity of more than 1,500 MW. The pipeline includes new projects in South Africa, Pakistan, Nigeria, Kenya and Burkina Faso.

«With technology innovation and cost reductions in the industry, we are exploring exciting new business models that will expand our growth opportunities»

Terje Pilskog, EVP Project Development & Project Finance

Promoting and financing solar energy

Our policy

The growth of renewable energy production continues to be driven by political determination to create a low carbon economy and increase access to energy. We have knowledge and experience that is valuable in shaping and driving this agenda.

Our policy is to:

- Promote 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
- Leverage carbon and climate finance
- Ensure that our efforts to promote renewable energy are done in a balanced manner and with integrity

The majority of our target markets experience energy shortages. This combined with ambitious government targets to increase renewable energy in the total energy mix provide huge potential for solar energy expansion. Innovative ways to raise capital is also opening up new possibilities for financing projects in many of our key markets.

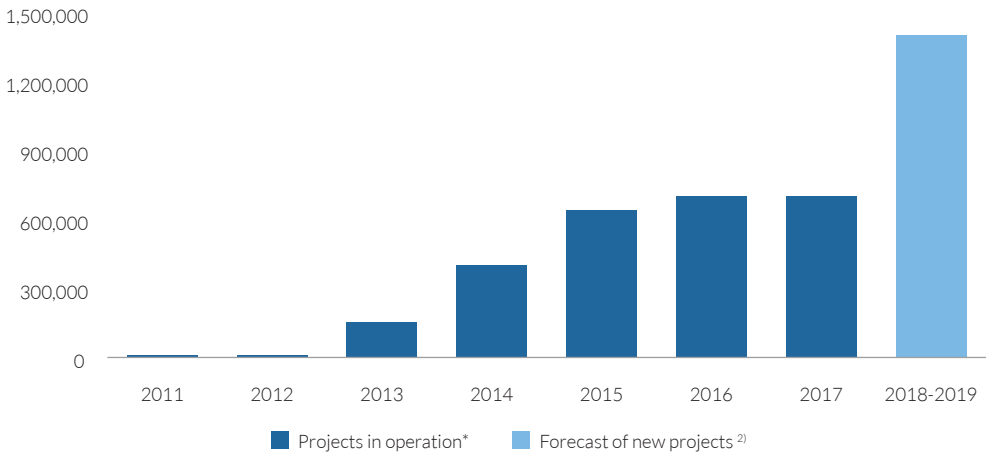
Our achievements and results in 2017

Scatec Solar's solar power plants in operation resulted in avoiding more than 700,000 tons of greenhouse gas emissions in 2017. This number is based on company estimates and certified emission volumes for projects registered under country-specific programmes. To estimate the emission reduction in tons for projects under development we use the predicted annual production multiplied by a grid emission factor. When projects are in operation we follow the methodology under the United Nations Framework Convention on Climate Change (UNFCCC) through the Clean Development Mechanism (CDM).

Clean Development Mechanism (CDM):

Under the Clean Development Mechanism emission-reduction projects in developing countries can earn certified emission reduction credits (CERs).

Accumulated greenhouse gas emissions avoided per year in tons of CO_2



1) This includes the 104 MW Utah Red Hills project, which was sold during fourth quarter 2016
2) Projects include Malaysia, Brazil, Egypt and Honduras

Global networks

Scatec Solar has many different stakeholders in various markets on a global scale. To facilitate networking and the sharing of knowledge on solar energy, we continue with active participation at several industry conferences and events worldwide. Some of the key events we participated in during 2017 are outlined below.

We also organised our second Sustainability Seminar in Oslo in collaboration with Sustainability Hub and several other companies including Storebrand, Statkraft and Aker BioMarine. Through our event participation we increase our company's partner network and enhance existing and foster new relations.

EVENTS	LOCATION
Africa Energy Forum	Copenhagen
Egypt CSR Forum	Cairo
Renewables in the Electrification of Mozambique	Maputo
ZERO conference	Oslo
MENA New Energy Forum	Dubai
BSG Solar Summit	Tunis

Exploring financial innovation

Our company is continuously exploring innovative ways to raise capital, among these our first Islamic Green Bond and climate finance. This has in total enabled the company to launch 758 MW of clean energy projects on three continents - Asia, Africa and South America. Our approach to project financing differs, with uniquely designed solutions appropriate for the specific local conditions in Malaysia, Brazil and Egypt.

Our strong and long-standing financial partnerships with Development Finance Institutions (DFIs) and multilateral financial institutions enable the successful raising of capital.

In addition, Norway's export credit agency, GIEK, which is mandated by the Norwegian Government to facilitate export financing to mitigate host country political and economic risks, has provided support through guarantees across Scatec Solar's project portfolio.

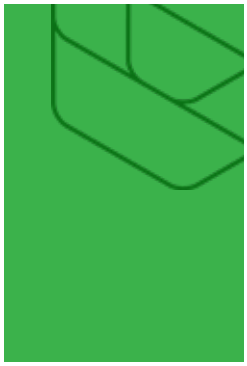
- Financial innovation enables Scatec Solar to launch projects worth nearly USD one billion -

Malaysia - 197 MW

- The world's largest Islamic Green (Sukuk) Bond of USD 237 million
- Complies with Islamic religious law
- Providing 80% of the capital expenditure
- AA rating by the Malaysian Rating Corporation Berhard
- Dark green rating from CICERO (The Center for International Climate and Environmental Research in Oslo)

Egypt - 400 MW

- Debt package of USD 335 million provided by:
  The European Bank of Reconstruction &Development (EBRD)
- The Dutch development bank FMO
  The Islamic Development Bank
  The Islamic Corporation for the Development of the Private Sector
- Includes USD 48 million from the UN's Green Climate Fund



«We want to explore and utilize financial structures that are optimal for each situation»

Mikkel Tørud, CFO

Our ambitions and goals

Scatec Solar shall continue to take a lead role in promoting solar energy and leveraging carbon and climate finance to accelerate deployment of large-scale PV in developing countries.

We estimate the emission reductions from Scatec Solar projects to increase significantly in 2018 and 2019 with the additions of close to 400 MW currently under construction and a project backlog of close to 790 MW. When realised and in full operation, it is estimated that the emission reductions from our projects in Brazil, Malaysia and Egypt alone will amount to almost 700,000 tons of greenhouse gas emissions per year. This will more than double the amount of emissions avoided from our current operations.

«Getting cost efficient capital is essential to deploy renewable energy to meet climate goals. I am very proud of our organization's ability to innovate and deliver high value projects in new and different markets»

Raymond Carlsen, CEO

Being a trusted business partner

Environmental, Social and Governance (ESG) management

Our policy

The development of solar projects involves environmental and social implications. In alignment with Scatec Solar's policies, requirements of local legislations and adhering to international standards and best practices, we endeavour to minimize our impacts and build positive dialogue with project affected communities and other stakeholders. The environmental, social and governance (ESG) impacts of our projects are largely determined during the project development phase. Proactive management of ESG issues in the development and construction phase is essential to managing the impact and the success of the project.

Our policy is:

- To be committed to develop all projects in accordance with the IFC 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

Our achievements and results in 2017

Scatec Solar is committed to operate in line with the Equator Principles and the IFC Environmental & 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.

We have three projects currently under construction in Brazil, Malaysia and Honduras. According to the Equator Principles, the projects 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".

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

IFC Performance Standards

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

www.ifc.org

Management of environmental and social impacts

In line with the IFC Performance Standards and Equator Principles, our activities are conducted in accordance with our sustainability policy and the requirements defined by these international standards for specific areas of impact including labor and working conditions, pollution prevention, community health and safety, land acquisition and involuntary resettlement, biodiversity conservation, indigenous people and cultural heritage.

We conduct environmental and social impact assessments (ESIAs) for all our projects to identify potential environmental and social risks posed by our activities. In 2016, we developed ESIAs for our projects in Mozambique, Mali, Malaysia and South Africa, and in 2017 assessments were completed for Brazil, Egypt and Nigeria. We also develop Environmental and Social Action Plans based on initial assessments and establish Environmental and Social Management Systems in all our projects to integrate environmental and social actions and requirements into our business activities for avoiding, minimizing and compensating for our impacts throughout our projects' life cycles.

The degree and type 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 from our projects occur during the development and construction phase.

During the development phase, the land clearing process may impact biodiversity by causing loss of habitats and disturbance of species. Whenever possible, we avoid impacts on biodiversity and ecosystem services. If an impact is unavoidable, we implement measures to minimize impacts and restore biodiversity. Habitat enhancement or creation of new conservation areas are options to be considered whenever impacts cannot be fully mitigated. For our Agua Fria project in Honduras, measures introduced prior to construction activities included limiting the removal of grass vegetation and trees only to the areas necessary for the construction of the plant by using colour paint marking to prevent unnecessary cutting and strictly forbidding any pollutant element in areas with presence of vegetation. A biological monitoring program is also planned for monitoring vegetation cover, inventory of flora and birds at the project site over time.

Securing land is another important aspect that can impact local communities surrounding the site, particularly when physical and/or economic displacement cannot be avoided. In this case, we follow strict requirements in accordance with the IFC Performance Standards to address and mitigate impacts by developing and implementing resettlement and livelihood restoration plans. 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.

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 are monitored and mitigated by implementing specific management plans.

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

Resettlement program in Mozambique

The implementation of our Mocuba project resulted in an economic displacement of 223 households. To address the loss of income sources or means of livelihood due to the acquisition of land or the obstruction of access to natural resources because of project construction or operation, the project developed a Simplified Land Use and Compensation Plan (SLUCP) and a Livelihood Restoration Plan (LRP) in accordance with the Mozambican law and the recommendations of the IFC Performance Standard 5, for projects involving economic displacement.

The goal is to mitigate the effects of long-term impacts by ensuring that the local households are assisted in adapting to the new situation and in restoring their livelihoods to pre-project standards at a minimum. The plans are approved by local authorities and the following programs have been successfully implemented:

- Agricultural activity Support Program: Ensure food security and promote cash crops production and access to markets by restoring agriculture activity and improve productivity
- Domestic awareness: Training the beneficiaries in business planning and management, follow-up with functioning groups, and savings and loans procedure
- Additional agricultural activity support: Distribution of improved seeds, gum boots, agricultural tools and establishment of boreholes on the replacement land

Scatec Solar respects human rights and recognizes our responsibility of avoiding the infringement of rights of employees, local communities or other stakeholders wherever the company operates. In guidance with the IFC Performance Standards, we acknowledge that individuals of certain groups may require particular attention in relation to human rights risks (indigenous people, minorities and vulnerable groups), and we work to mitigate any adverse effects by specially designed measures. Meaningful consultations with project affected communities and other stakeholders on a regular basis and a well-functioning grievance mechanism that local communities trust are main tools for continuous review of risks and development of appropriate mitigating actions.

Stakeholder engagement

For all projects, dialogue with a broad range of stakeholders including the local communities are commenced at the early stage of a project. This 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 project life of identifying and mitigating impacts and maintaining a good relationship based on openness and trust. Stakeholder engagement plans are developed for all projects that sets the requirements regarding consultation needs, frequency of consultations and methods of communication. Grievance mechanisms are also established at all projects as a channel for continuous communication and facilitating opportunities for Scatec Solar and communities to identify problems and develop solutions together.

Scatec Solar's carbon footprint

One of our main 2016 targets was to examine the climate effect of our projects during the various project phases. Our solar plants contribute to the reduction of greenhouse gas emissions in every country where we operate by providing clean electricity, but we also acknowledge that our own operations and the construction of our solar plants produce greenhouse gas emissions. In 2017, we therefore took an important step towards calculating our own climate effect by collecting emissions data from all our operating sites, office spaces and employee air travels. Reporting of greenhouse gas emissions is key to establish an accurate overview of our emissions and how to potentially reduce them.

Scatec Solar's emissions inventory [1] was prepared according to the Greenhouse Gas Protocol Corporate Standard and GRI Standards. Greenhouse gas emissions are reported in three scopes following the operational control approach:

Scope 1: Direct GHG emissions from our operations

Scope 2: Indirect GHG emissions from purchased electricity and heat

Scope 3: Other indirect GHG emissions

1) The inventory boundary includes all of Scatec Solar's operations; solar power plants managed by the company, associated machinery and vehicles and our office spaces. The table below shows the estimated emissions calculations from scope 1, 2 and 3. Scope 3 includes air travel from our employees globally. Refer to the appendix for a more detailed description of methodology.

The total greenhouse gas emissions for 2017 were estimated to 2,879 tons of CO_2. This includes scope 1 emissions, market based scope 2 emissions and emissions from air travel, see table below for a breakdown.

EMISSIONS REPORTING	2017 TONS OF CO_2 EQUIVALENT [1]
Scope 1: Total direct GHG emissions	210
From offices and sites	52
From vehicles	158
Scope 2: Total indirect GHG emissions from purchased electricity and heat	766
Location-based	715
Market-based	766
Scope 3: Total other indirect GHG emissions	1,903
From air travel	1,903

1See appendix 2 for a detailed overview of methodology used.

Given the international nature of our company's business and operations, we are aware of our significant footprint related to air travel. We are working to raise awareness of the matter and reducing this figure when possible by for instance encouraging and facilitating the use of video conference meetings. When we have collected and analyzed all the data we seek to develop a reduction program for our company.

Further, we are aware of the industry developments to address climate risk and we intend to implement measures towards more comprehensive climate risk disclosure, specifically risk and opportunities assessments and risk management. We enter into local communities for 20-25 years and it is important to try to foresee and evaluate potential climate-related risks and opportunities to our people, business and physical assets. Over these timescales one of the most serious climate related risks for our business relates to the physical impacts of extreme weather including drought and floods. We have procedures in place to evaluate potential climate effects related to our sites. In Malaysia for example, we conducted an assessment of the potential for floods. Based on this, we developed a plan to manage and mitigate the risk.

Simultaneously, we see substantial opportunities related to the solar energy industry both from technology development, cost reductions and the transition to a low carbon economy. Solar energy is becoming cheaper and is now competitive with coal in many countries. Technology is developing rapidly enabling solar panels and other equipment to become more efficient. 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. One important result related to climate financing in 2017 was the approval of our Egyptian projects for debt by the Green Climate Fund (GCF). This enabled all six projects to achieve financial close by the end of 2017.

Our ambitions and goals

We will work further to formalise Environmental, Social and Governance integration in the project development phase and in all aspects of our operating model. During 2018, we will increase our efforts to further strengthening our environmental and social management processes defined in our operating system and further enhance our systems for new projects.

For greenhouse gas reporting, the ambition for next year is to improve reporting quality and increase the reporting scope. This will include reporting of additional indirect sources of emissions to provide a better understanding of our wider greenhouse gas footprint. Based on this information we will be able to direct our efforts to reduce emissions as efficiently as possible, including those we are responsible for throughout our supply chain.

As part of developing our GRI reporting, we plan to report on water withdrawal by source and volume in 2018 for our plants in operation as another important sustainability topic.

«We will work further to formalise Environmental, Social and Governance integration in the project development phase and in all aspects of our operating model.»

Roar Haugland, EVP Sustainability & HSSE

Health, safety, security and environment (HSSE)

Our policy

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

Our policy is to:

- Continuously work for zero harm to personnel, materials 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 Organisation and the Universal Declaration of Human Rights
- Apply a zero-tolerance approach to alcohol or 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 this

Our achievements and results in 2017

There were no fatal accidents in 2017. The Injury Rate (IR), excluding first aid injuries, amounted to 3.4 per million working hours, where 3.7 related to contractors and 2.7 to our own employees. Both operations and construction projects contributed to this, but none of the recordable injuries were classified as serious injuries. We had two lost time injuries during the year, both by contractors during maintenance work. No occupational diseases were registered in 2017. We are continuously working to monitor that all our subcontractors operate in line with our principles. Our Supplier Code of Conduct and Labour policy for site personnel is integrated into all our subcontracts to ensure that these basic principles are respected, also in the parts of the value chain we do not control directly.

One of our 2016 targets were to better analyse the data on accidents, lost time injuries and other HSSE indicators to be able to identify and respond to the challenges that can arise in this area. In 2017, we did an internal review of the HSSE reporting templates to ensure consistency across projects. We established a common reporting system of incidents within our Operating System, which now all plants and projects are utilizing. We put a strong emphasis on creating safe and good work sites for our employees, and in 2017 we also implemented initiatives to encourage the reporting of near misses and unsafe conditions.

We will work to expand our GRI reporting practices related to occupational health and safety to include a breakdown per region. Additionally, we seek to improve the level of detail related to reporting of significant spills on our sites by including the total volume, location, material and the impact of such spills.

Security practices

Safety and security are of primary importance when Scatec Solar employees travel abroad, particularly in environments where there is potential for exposure to health hazards, regions of political unrest and areas of high risk. In 2017, we have continued to develop our partnership with an international, third party security assessment company that provides country risk assessments, security and operational advice, pre-enter preparations, immediate security advice for special situations, emergency response and mandatory training of all employees. To safeguard our employees, the agency monitors the movement of our travelling personnel electronically by consent.

Scatec Solar also engages security personnel at its operational sites to protect employees, assets and local communities close to the company's projects and plants. While this is necessary for stable operations, it is important to be aware of the risk of misconduct. 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 and is based on the following principles:

- Security officers should always be courteous to all employees, service providers, visitors and the public
- Security officers should use minimum force to detain suspect(s) found committing crimes related to the plant premises
- Security officers should respect individual integrity, dignity and privacy (sexual harassment not to be tolerated or condoned)

Our ambitions and goals

We work continuously for zero harm to personnel, materials and the environment, and we believe that all incidents can be prevented through awareness, training and preparedness. We will continue to set high HSSE standards in the countries where Scatec Solar operates. Further, we will build on developing our approach for a common understanding of our expectations with regards to high levels of work ethics and quality control on all our sites. We have set a goal to pass an external audit of our HSSE system by the year end 2018.

Our goal for 2018 is to have zero fatalities and serious injuries with disabilities. We have set the following targets for 2018:

We will work to expand our GRI reporting practices related to occupational health and safety to include a breakdown per region. Additionally, we seek to improve the level of detail related to reporting of significant spills on our sites by including the total volume, location, material and the impact of such spills.

We will continue to develop our partnerships for security, medical and emergency services to ensure that we offer accurate risk assessments and access to medical assistance in the regions where we operate. As part of developing our security training, we target to include human rights aspects in the training for all our security personnel globally in 2018.

KEY PERFORMANCE INDICATOR	TARGETS 2018
Fatality	-
LTIF (Lost time injury frequency)	≤ 1.7
TRIF (Total recordable injuries frequency)	≤ 3.4
Number of HSE observations including near misses	>1

Injury Rate: The frequency of injuries (excluding first aid injuries) relative to the total time worked by the total workforce in the reporting period

Anti-corruption

Our policy

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, agents, local partners, banks, governments and local authorities is of vital importance to ensure a non-corruptive business environment.

Our policy is to:

- Have a zero-tolerance principle to 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 limit governance-related risk 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 risk of corruption must be cleared

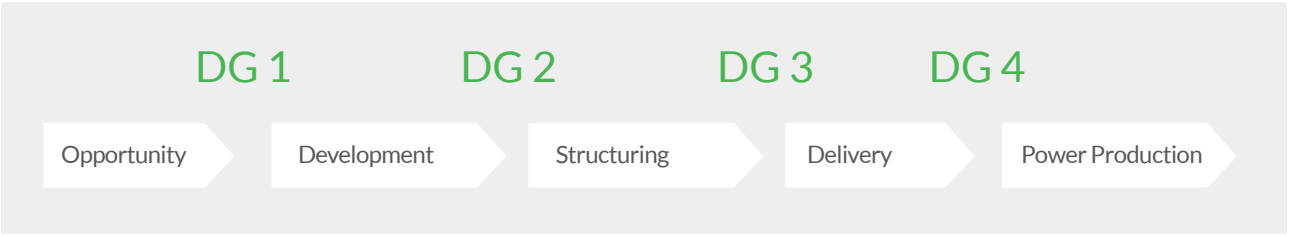
As a global company with strong growth in emerging markets, Scatec Solar operates in countries exposed to various levels of corruption as per the Transparency International Corruption Perceptions Index.

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 from structured intelligence to identify heightened risk or black-listed individuals and organisations. We also have collaborations with an international risk-consulting firm for conducting background checks of business partners and individuals. Some of our main financial collaborators include Norfund, the IFC, member of the World Bank Group, and other leading Development Banks who are also concerned with high ethical standards. We are committed to develop all our projects in accordance with the IFC Performance Standards and the Equator Principles, whilst all subcontractor and suppliers must adhere to our supplier conduct principles.

Our achievements and results in 2017

In 2017, all operations including projects and business partners of Scatec Solar have been assessed for risks related to corruption. Projects moving from the opportunity, development and structuring phase to the delivery and power production phase are assessed through Decision Gates (DGs). There are four decisions gates with clear criteria and requirements related to screening, compliance and risk of corruption (see illustration below). During 2017, all projects passing decision gate 3 were screened for risk related to corruption. This includes four projects in Brazil, three projects in Malaysia, six projects in Egypt, three projects in South Africa, one project in Mozambique and one project in Mali.

Project phases and decision gates



Confirmed incidents of corruption

Confirmed incidents of corruption	1
Confirmed incidents in which employees were dismissed or disciplined for corruption	1
Confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	1
Public legal cases regarding corruption against the organization or its employees during the reporting period	-

The table above shows the 2017 statistics related to corruption. We reported one confirmed incident of corruption through our whistleblower channel during the year, which resulted in the termination of a contract with an employee and a supplier.

Specific corruption risk assessment

Scatec Solar operates in partnerships and seeks equity co-investments on a project basis to enhance value and reduce risk whenever feasible. The large-scale solar energy industry is characterized by high-value investment and significant government interaction through award of power purchase agreements, either through public tenders or bilateral negotiations, concessions and regulations. In addition, companies operating in the solar power industry needs 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 involves an inherent risk of corruption. A high-level list of risk areas identified for our company is outlined on the next page, which applies to all our projects (alphabetical order).

RISKS	BRIEF DESCRIPTION	KEY MITIGATING ACTIONS
Customs	Importing of goods and services during the construction phase	Anti-corruption training for all employees
Employment	Personal relations and connections in hiring processes	Screening of all potential recruitments Ethics and dilemma training for all employees
Foreign exchange controls	Foreign exchange operations	Due diligence Strict control and authorization processes
Gifts and hospitality	Excessive gifts and/or hospitality	Raising awareness Anti-corruption training for all employees
Licenses and permits – lobbying	Projects are dependent on a range of permits and licenses	Internal policies and training Thorough due diligence of all partners
Local partner	Selection of partners	Screening and due diligence Background review by international risk-consulting firm if necessary
Power Purchase Agreement	Securing contracts	Pre-determined auction rules Public auction
Procurement	Sourcing of engineering, procurement and construction (EPC) services and components from suppliers	Frame agreements with management involvement Adherence to our Supplier Code of Conduct Anti-corruption training for all employees
Political donations	Political donations in relation to projects	Due diligence Anti-corruption training for all employees External assessments if necessary

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 a neutral third party. All whistleblowers have the option to be anonymous.

During 2017, we received four reported incidents (one substantiated incident) through the whistleblower function. Two of the concerns related to the same matter and were investigated internally and solved. One concern was investigated externally by a third party, and the investigation led to the removal of an employee and a potential supplier. All relevant stakeholders were informed about the incident and the corrective actions that were taken. The fourth concern was investigated internally and solved without the need for further escalation.

Our ambitions and goals

We will continue to raise awareness of corruption and the high expectations we have of our employees and business partners in this regard. In 2018, we will undertake an internal audit to review our current processes and initiatives to better position ourselves to operate in accordance with best practices.

We will ensure that all employees, regardless of position and region, complete the mandatory integrity, dilemma and anti-corruption training during the induction process. Additionally, we plan to organize training sessions on a quarterly basis in 2018 to increase availability of the course and encourage existing employees to update their knowledge in the areas whenever necessary.

Responsible Procurement

Our policy

The selection of suppliers and sub-contractors impact our social and environmental performance.

Our policy is to:

- Choose suppliers based on relevant sustainability criteria including transparency, workplace conditions, HSSE standards and environmental performance
- Ensure that suppliers commit to our Supplier Conduct Principles and monitor compliance through regular supplier audits of significant and high-risk suppliers
- Take a life-cycle approach [1] to our carbon footprint and choose suppliers that contribute positively to our climate impact
- Ensure that our solar energy systems can be reused, recycled or disposed of safely
- Avoid procuring products from any supplier who relies on dangerous or harmful substances to the environment

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

Scatec Solar purchases goods and services from a wide variety of suppliers, from large international organisations to specialist local suppliers all over the world. We always aim to obtain goods and services at the right quality, delivered in a timely manner and at the optimum whole life value, whilst complying with our company policies. We seek to form mutually beneficial, long term and trusted relationships with our suppliers and to act responsibly, with integrity and to be fair, honest and open in all our commercial activities. All our suppliers are required to sign our Supplier Code of Conduct, which forms part of the contract between Scatec Solar and the supplier. We aim to treat all suppliers fairly and to provide them with honest feedback.

We source services and components during the development and structuring 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

Risk assessment

We undertake risk assessments related to our supply chain on a regular basis. The main risks identified in our supply chain include amongst others corruption, labour rights, and social and environmental performance. We operate in countries exposed to various levels of corruption. We seek to mitigate this risk by ensuring that larger supplies of components are made under frame agreements where management is involved in assessing the various tenders and the final selection of vendor, and also that the payment structure is staged to meet delivery. All members of the supply chain management team have undergone anti-corruption training and are versed in the zero-tolerance principle applied by our company. For sub-contractors, the contract is awarded through competitive tenders and the sub-contract has strict anti-corruption provisions and undertakings that all the sub-contractors' suppliers and contractors must adhere to.

Our achievements and results in 2017

We audited two suppliers in 2017. One of the suppliers had fourteen serious findings and subsequently was not selected for the project. The other supplier had two serious findings, which were both corrected and closed within a period of 30 days.

During 2017, we revised our Supplier Code of Conduct and made updates on the basis of the international framework for Business Ethics. We also reviewed the Code of Conduct in accordance to the UK Bribery Act and the US Foreign Corrupt Practices act, the UN Guiding Principles on Business and Human Rights and the Ten Principles of the United Nations Global Compact.

Supply chain is responsible for supporting three business units:

1. Project Development: Early estimates and contracting of services such as legal, environmental and geotechnical studies

2. Solutions/Execution: Procurement and logistics process of services and goods for projects to ensure on time delivery, quality of goods and value creation

3. Operations and Maintenance: Procurement of spare and replacement parts for plants in operation, claim under warranties and contract services to assist with the maintenance of the plants

Social and environmental screening

The supply chain team has five senior team members with regional responsibilities. The team members are responsible for screening the market, running tenders in compliance with the Scatec Solar Ethics policy, Procurement Policy (see also policy statement in the beginning of the chapter), Sustainability policy and the Operating system requirements. Our Supplier Code of Conduct includes more than 20 compliance topics such as compliance with laws, safety and security, anti-corruption, human rights, environment and use of drugs and alcohol.

The percentage of new suppliers in 2017 that were screened for social and environmental criteria was 100%. The screening process involves a three-stage approach:

1. As part of their bid submission suppliers are mandated to submit their HR policy, ethics policy, environmental policy and management plan
2. A desktop evaluation of these documents form part of the bid assessment
3. On recommendation for selection, sustainability assessment based on supplier policies, self-assessment and supporting documents forms part of the supplier audit before final selection

After the screening process, we seek to continuously monitor and control our work and relationship to our suppliers. We appoint consultants or directly follow up on quality and the implementation of policies during the manufacturing phase.

All suppliers that participated in tenders during 2017 have been 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 the IFC anti-corruption guidelines, which we integrate in all our contracts. All contracts integrate HSSE requirements, environmental and social requirements and quality assurance and quality control requirements. These are also required to be passed through to all sub-suppliers participating in a project.

During 2017, we observed zero negative environmental impacts from suppliers and as such no corrective action was taken.

Our ambitions and goals

In 2018, we aim to work even closer with our suppliers on environmental and social development targets. We will roll out a Supplier Development Programme where key qualified suppliers will be enrolled as silver, gold or platinum partners. Before entering the programme, we will undertake screenings of all suppliers related to compliance on environmental and social criteria. Together with the suppliers that are accepted into the programme we will set new environmental and social targets to be evaluated on an annual basis. We will also focus on pro-actively working with the suppliers on an ongoing basis to minimise findings and shorten the close out period for findings.

Going forward, we will continue to improve our processes, procedures and templates in our operating system by ensuring integration of our sustainability framework. We will also provide training to all employees in the supply chain team, as well as other members of the company affected by procurement processes to keep a vigilant and aware workforce.

Labour conditions, talent attraction and retention, diversity

Our policy

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

Our policy is to:

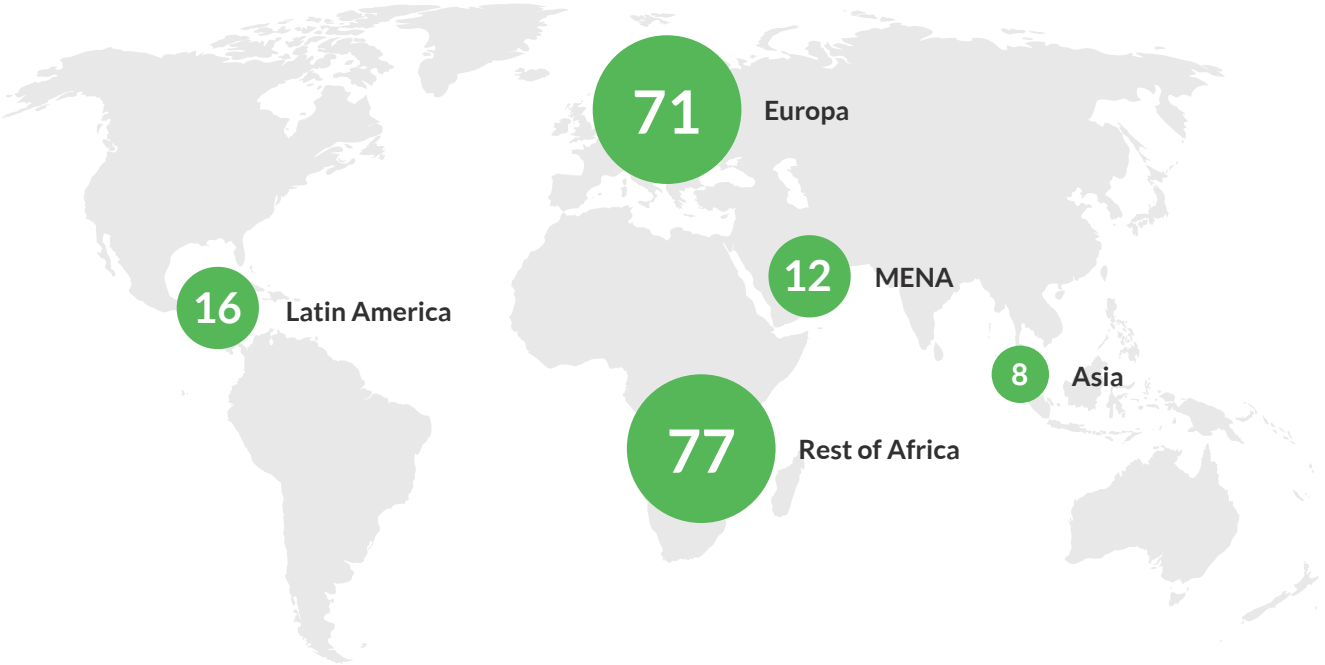
- Encourage a working environment guided by a culture based on our values
- Support our people with opportunities to develop according to their aspirations
- Build a high performance working environment, recognising peoples' achievements and rewarding them based on their results
- Ensure that each employee knows what is expected of them in their role
- Provide our people with direct feedback and guidance on their work performance
- Provide equal opportunities and value diversity of people
- Provide a safe place to work
- Support the right of workers to organise unions
- Abolish the use of child labour regardless of local labour law and only conduct business with third parties that follow the same ethical child labour standards

Our achievements and results in 2017

The total number of employees in Scatec Solar reached 184 full time employees and 46 short-term employees in 2017. The company is building up a strong presence in key markets such as Egypt, Brazil and Malaysia. During the year, we had 52 new hires and the turnover rate was 13% for the total company.

A truly global company continuously expanding into new regions, Scatec Solar is characterised by great diversity. Our global workforce of full time employees is represented by more than 20 different nationalities. The geographic distribution of our 184 full time permanent employees is illustrated in the chart below.

Geographic distribution in Scatec Solar



Skill development and training has been a key priority in 2017. We have worked to formalize the onboarding and ongoing training processes for all employees. We have introduced several new platforms to enable this including an online video platform.

We report and monitor the health and working environment of our employees on a regular basis. An overview of sickness absence rate and gender diversity for the headquarter in Norway and the total company is shown in the table below. The percentage of women working full time in the company increased from 28% in 2016 to 37% in 2017.

In 2017, we also introduce a new set of indicators related to governance bodies. The table on the next page shows the gender diversity and age groups of the Management and the Board of Directors, as well as gender diversity for the total company.

Indicators related to health and working environment

SICKNESS ABSENCE RATE (%) [1]	2017	2016	2015
Head quarter (Norway)	2.5%	2.4%	2.3%
Total company	2.1%	2.2%	2.4%

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

Indicators related to gender diversity and age groups

GOVERNANCE BODY	GENDER (% FEMALE)			AGE GROUP (%)		
	2017	2016	2015	Under 30	30-50	Over 50
Management	0%	0%	0%	0%	57%	43%
Board of Directors	40%	40%	40%	0%	20%	80%
Head quarter (Norway)	44%	40%	31%			
Total company	37%	28%	26%			

The lack of female representation in the management is a matter we are aware of and working to improve. We expect an increase in female employees globally in the coming years. We already see a positive trend with the percentage of females in the company increasing from 28% in 2016 to 37% in 2017, which is due to the company's strong focus on female recruitment whenever possible. See appendix xx for more information on employees and other workers.

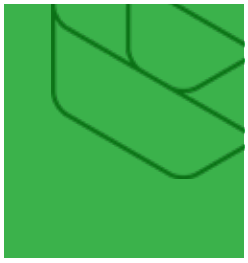
Collective Bargaining Agreement

The entire workforce of Scatec Solar is covered by the company's Global HR policy and related procedures, which state that all employees are to be paid fair salary levels in accordance with local laws and regulations. The percentage of full time and short term employees that are covered by formal collective bargaining agreements amounts to 11%.

Our ambitions and goals

In 2018, we will work to further establish recruitment partnerships in countries where we have projects under development and construction and maintain a global workforce characterised by strong diversity and talent. We have set a target to increase the number of female employees globally by 10% in 2018.

We will work to further develop our onboarding and training offerings to all employees and will continue to develop our new HR platform by providing employees with increased development and training facilitates through videos and feedback.



«The percentage of women working in our company globally increased from 28% to 37% in 2017»

Roar Haugland, EVP Sustainability & HSSE


Scatec Solar


Scatec Solar

Contributing to local value creation

Contributing to local value creation

Our policy

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

Our policy is to:

- Employ local labour, enable knowledge transfer and generate job creation 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 parties that are going to be affected by the project.
- 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 with communities at several levels, from national governments to project neighbours to ensure open and integrated communication

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 main impacts of our projects on local communities can include physical and economic displacement, changes in vegetation and infrastructure and increased activity levels in the area. Impacts during construction (traffic, noise, dust and similar) are considered limited and effectively mitigated if and where nearby communities exist.

Further, we often operate in countries where legal frameworks and governing structures do not necessarily protect the communities we may impact to the same extent as in more mature economies. Community and stakeholder engagement is therefore central to our way of doing business. In all our operating projects, we have local community engagement and impact assessments. The integration of a project is a critical part of stakeholder engagement. If not carried out in a timely and integrated manner this can lead to misinterpretations and concerns in local communities.

To ensure local support and a well conducted community dialogue when entering a local community, we employ international norms for stakeholder engagement, such as the IFC Performance Standards. All our projects have assigned a Community Liaison Officer (CLO) who is responsible for community engagement and maintaining good relations with the local communities. A formalised stakeholder analysis and stakeholder engagement plan is always carried out in accordance with the expectations set out in the IFC Performance Standards and the Equator Principles. We also implement a grievance mechanism for all our projects, available locally at the project site and on our corporate website. Since our establishment, we have also gained considerable experience when it comes to working with local communities in different countries, and we always try to build upon this knowledge.

Economic value

NOK MILLION	GROUP
Total revenues and other income	1,492
Operating costs (includes depreciation, amortization and impairment)	404
Personnel expenses	95
Payments to providers of capital (dividends and interest payments)	549
Payments to governments (only includes income tax)	17
Community investments	N/A
Economic value retained	N/A

Our achievements and results in 2017

Local Job Creation

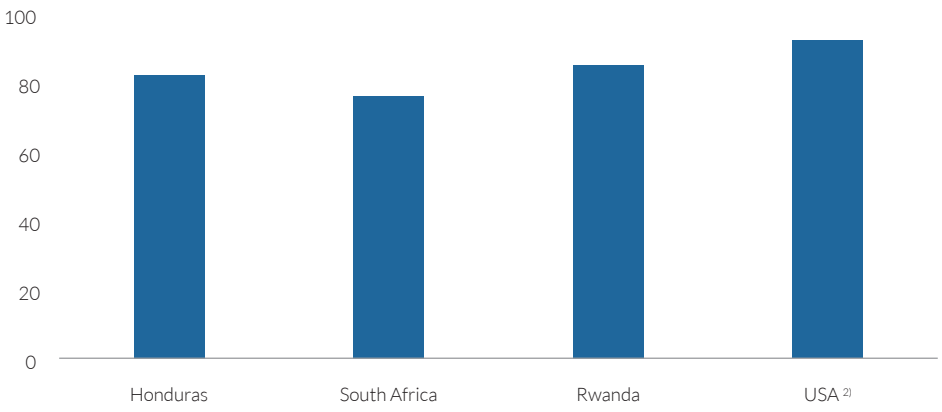
Without income generation, no community is stable or sustainable. Scatec Solar is strongly committed to contributing to job creation, and we employ local labour and suppliers as far as possible, regardless of whether this is a requirement or not. This contributes to reducing unemployment rates and provides 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 between 6-14 months. Workers are provided with important technical skills and experience that make them more eligible for future jobs. The graph below shows the local job creation during peak construction from all of our projects since our establishment. The number of jobs totals 5,410, with the percentage of local employees averaging about 80%.

During 2017, we started construction activities in Malaysia, Brazil and Honduras. We seek to employ local labour as far as possible in these countries. In Honduras for example, we have committed to employ 80% of unskilled labor from the communities surrounding the plant. Read more about the local recruitment process in the case study on the next page.

Percentage of local job creation from all our solar projects during peak construction period [1)]

Percentage of local employees hired



1) Figures are not available for Czech Republic and Jordan.
2) The 104 MW Utah Red Hills project was sold during fourth quarter 2016

Local recruitment in Honduras:

During 2017 in preparation of the construction phase of the Los Prados project in Honduras several meetings were held with the four community boards to address the local recruitment process.

The project has a **commitment to hire 80% of unskilled labor** from these communities during the construction phase. As part of the outcome of the process a Letter of Understanding was signed with community representatives and the project with the Namasigue Mayor as a witness of honor of the process.

The first step of the process involved getting a census of available people to work in the project. Over 650 people enrolled in the census, showing their disposition to work in the project. During the recent construction of the substation, 103 people from local communities have so far worked in the project.

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.

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 aw solar plant is in operation, we usually achieve a minimum level of 60–80% of local contracts of goods and services.

Stakeholder Engagement in local communities

There are various ways in which projects engage with local communities. To inform the communities on the project and 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 the local communities where we have presence. For example, in Jordan 34 stakeholder meetings were held during 2017, which were mostly with local communities and authorities such as the Maan governor and municipality, Maan parliament, Maan public hospital and youth club and the Ministry of Education to mention some. It is important to highlight that local stakeholder engagement for us means our presence and interaction with local communities on a regular and ongoing basis. Topics and issued 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

We usually experience a lot of engagement in local communities during the initial project phases of development and construction. Stakeholder meetings in Malaysia, Brazil, Mozambique and Honduras have been an important part of our stakeholder engagement efforts in 2017. In Honduras, we experienced social unrest from members of the local communities surrounding the project in conjunction with construction startup. We have worked together with community members, central and local authorities, and other important stakeholders to resolve the situation and establish a trust based dialogue. As with all projects, our approach has been carried out in line with international standards and recommendations.

Prior to activities in the local community we developed an Environmental and Social Impact Assessment with a corresponding plan to mitigate and manage impacts. We also developed a Stakeholder Engagement plan and implemented local initiatives of social projection to meet basic needs in critical social areas such as education and health.

Permanent local job creation for plants in operation

PERMANENT EMPLOYEES	2017
Senior management level	
Plant Managers	9
Other Levels	
Operation & Maintenance operators	32
Community Liaison Officers	8
Contractors	
Security guards	63

Grievance mechanism

Scatec Solar has a publicly available grievance mechanism for all projects through the corporate website and at each local project site. 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 we aim to have a response time of maximum 30 working days. The mechanism is available in five different languages on our website: English, Arabic, Spanish, Portuguese and French, and represents a valuable platform for engaging with communities.

The number of grievances received during 2017 for all projects in operation, under construction and in backlog totaled 118. The large increase from previous years is primarily due to 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, 67 related to the Mocuba project in Mozambique. Many of these grievances were connected to the resettlement programme that was carried out during the year and were mostly concerns from locals affected by the programme. The majority of the grievances were solved by communicating our processes and principles and engaging with the local communities on a regular basis, apart from four grievances that were still in the process of being resolved by the end of the year. These were all resolved during the first month of 2018. The remaining 11 unresolved grievances from other locations are still being addressed and resolved.

Community dialogue and engagement indicators

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

In 2017, we established a new internal system for handling grievances on our company's intranet to standardize the process of reporting and managing grievances. All relevant employees received training in the new system. We are currently in a process of transition to the new system in all locations.

Local development programmes

Scatec Solar plans and implements community development programmes in all the local communities where we have operations. The projects under the programs are identified in close dialogue with local stakeholders and in consultations with local community members in order to address the prioritized needs and significant social challenges of the communities. We have aligned our sustainability vision with the UN's Sustainable Development Goals (SDGs) and our community development programmes are bracketed within several of the goals. The next pages highlight some of our key community development initiatives from 2017 with corresponding goals.

Local development programmes – key highlights 2017

South Africa

Noluthando day care centre

- Spacious kindergarten for 395 children
- To provide community service to local parents
- Phase II underway with a considerable expansion of the building

Community internet cafes

- Internet cafes established in three local communities nearby our solar plants
- Increase availability of computers and information in the local community
- To encourage the youth to learn and apply for jobs

Welding training course

- A welding training course aimed at the youth in Hanover
- To transfer useful skills to improve employment opportunities
- 16 participants (13 males and 3 females)

Rwanda

Pineapple plantation

- Planted 21,000 pineapple trees
- To take advantage of the space between mango trees (previously planted) and the solar panels
- Local communities surrounding the solar plant are the beneficiaries

Local health initiative

- Support local health clinic serving around 100 patients/day
- Key services: Consultations, vaccinations, community health services, prevention and hygiene

Jordan

Maan Youth Club PV System

- A socio-cultural sports club and the only public club in the Ma'an area
- Installed a PV system of 11 Kw on the roof reducing the monthly electricity bill significantly
- Held training course for how to install a small PV system with more than 20 youth

Honduras

Tree nursery

- A small set up where trees are nurtured and grown by school children
- Local communities are the beneficiaries

Donations of school supplies

- School supplies donated to kindergartens and school children in four local communities
- Benefiting 679 children

Education-related programs – closing the loop

Scatec Solar acknowledges the importance of education and its role in transforming lives and fostering economic growth. We put strong emphasis on our contribution to training and education through local development programs from early childhood to adult training and skill enhancement. We have set a target to have minimum one development program related to education in every country where we have a solar plant in operation. In most countries, we have several different programmes across a broad range of age groups.

1

EARLY CHILDHOOD DEVELOPMENT

Noluthando Day Care Centre in South Africa

- Kindergarten for 395 children
- Community service to local parents

Early Childhood Development Centers in South Africa

- Currently under construction

6

ADULT EDUCATION

FARR Programme in South Africa

- Foetal Alcohol Spectrum Disorder
- Prevention and awareness programmes
- More than 240 community members enrolled

Solar workshops in Jordan

- Several local workshops on issues related to health, safety and solar energy

SUNSTEP training in South Africa

- Engineering training courses for teachers and students

Food security program in Honduras

- Small centers are set up in family farms to facilitate technical training and production technologies

5

UNIVERSITY INITIATIVES

Stellenbosch University in South Africa

- Supporting solar energy research with ZAR 1.5 million for five years
- 12 Master students and 1 PhD student

Student visits in Rwanda

- - About 120 students visited the site i n 2017 to learn about solar energy

2

PRIMARY SCHOOL

Educational Campaigns in Honduras

- Environmental Education Campaign
- Dental Hygiene Campaign

3

LANGUAGE CENTRE

Al Qantara Language Centre in Jordan

- To improve oral and written English skills
- 80 participants both children and adults

4

TRAINING COURSE FOR YOUTH

Welding course in South Africa

- 16 participants

Workshop: Electronic kit in South Africa

- 75 participants

Visual Arts Network Project in South Africa

- 40 members have received training

Dreamfields Project in South Africa

- Involve youth in sports primarily soccer and netball
- More than 1000 students

Field Band Foundation in South Africa

- Develop artistic talents like music and dance
- Close 600 beneficiaries

Our ambitions and goals

We will continue to strengthen the CLO position with clear guidelines about the role and responsibilities. This will include guidance as to how the formal engagement process should proceed and how dialogues should be conducted, documented and reported. We will also strengthen our sustainability teams, both at local and corporate levels.

In 2018, we will plan for and contribute to new local development initiatives for our projects in Malaysia, Brazil and Honduras to ensure that we positively impact the local communities and uphold an active and open dialogue. We have set a new target to establish minimum one development project related to education in every country where we have a solar plant in operation.

We will continue to develop our policy of hiring local labour when constructing new solar plants in 2018 and use and strengthen local supply networks. We have a target of employing on average between 60-80% local labour in each project whenever feasible.

Finally, 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. We also target a minimum level of 60–80% of local contracts of goods and services during the operational phase of our projects.

Concluding remarks

As the UN Sustainable Development Goals affirm, we have the collective responsibility to transform our planet by 2030. Our main contribution to a sustainable world is solar energy, but sustainability covers far more than energy and climate issues. Our ambition is to be a sustainable business with regards to our total impact on the societies where we operate.

Our business strategy is anchored in the firm belief that sustainable development is what assures stability, predictability, viability and longevity. We are as values-driven as we are performance-driven. And we strive to make people proud to work with and for Scatec Solar.

In line with this ambition we 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.

Below we have outlined some of the key principles guiding our work:

- We are committed to operate all projects in line with the Equator Principles and the IFC Performance Standards
- We maintain a comprehensive, effective and consistent Environmental and Social Management System in compliance with all relevant legal requirements
- For all our activities we use a significant component of local labour, professionals and contractors
- In all our projects we will re-invest a percentage of the revenues in the local community or country where the project is located to support the UN Sustainable Development Goals
- We always aim to contribute to the communities in such a way that they grow and improve on their own without becoming directly dependent on us as a development agent
- We strive to better understand and report on the greenhouse gas emissions we produce and the emissions we abate through our projects, in all their phases. We also work to find ways to minimise these emissions.

Global Reporting Initiative (GRI) Content Index

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
GRI 102 102-14	Statement from senior decision maker	Page 4
Organisational profile		
GRI 102-1	Name of the organization	Scatec Solar ASA
GRI 102-2	Activities, brands, products and services	Page 7, 15
GRI 102-3	Location of the organisation's headquarters	Karenslyst Allé 49, 0279 Oslo, Norway
GRI 102-4	Location of operations	Page 8-9
GRI 102-5	Ownership and legal form	Page 68-69 Corporate website: The SSO share
GRI 102-6	Markets served	Page 8-9
GRI 102-7	Scale of organization	Page 8-9
GRI 102-8	Information on employees and other workers	Page 42-44 + appendix 3
GRI 102-9	Supply chain	Page 39-40
GRI 102-10	Significant changes to the organisation and its supply chain	Page 39-40
GRI 102-11	Precautionary Principle or approach	We do not formally apply the precautionary principle to decision making processes across our operations, but it represents a guiding principle when it comes to assessing and managing risks related to the environment, HSSE, supply chain and other areas as described throughout this report.
GRI 102-12	External initiatives	UN Sustainable Development Goals Global Reporting Initiative (GRI)
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	Page 44

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Report profile		
GRI 102-45	Entities included in the consolidated financial statements	Appendix page 68-69
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 10-14, appendix 1
GRI 102-48	Restatements of information	Not applicable.
GRI 102-49	Changes in reporting	Not applicable.
GRI 192-50	Reporting period	Annual reporting
GRI 102-51	Date of previous report	FY 2016
GRI 102-52	Reporting cycle	Annually
GRI 102-53	Contact point	Julie Hamre, Senior Sustainability Advisor julie.hamre@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	No external assurance.
Stakeholder engagement		
GRI 102-40	List of stakeholder groups	Page 11
GRI 102-42	Identifying and selecting stakeholders	Page 10-12
GRI 102-43	Approach to stakeholder engagement	Page 10-12
GRI 102-44	Key topics and concerns raised	Page 10-14, appendix 1
GRI 102-18	Governance structure	Page 12
GRI 102-16	Values, standards, principles and norms	Page 7 and throughout the report

Specific Standard Disclosures

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Economic Performance		
GRI 201-1	Direct economic value generated and distributed	Page 48
Indirect Economic Impacts		
GRI 203-2	Significant indirect economic impacts	Page 48-57
Procurement Practices		
GRI 204-1	Location of the organisation's headquarters	Karenslyst Allé 49, 0279 Oslo, Norway
Supplier Environmental and Social Assessment		
GRI 308-1	New suppliers that were screened using environmental criteria	100%. Page 40
GRI 414-1	New suppliers that were screened using social criteria	100%. Page 40
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 36
GRI 205-3	Confirmed incidents of corruption and actions taken	One confirmed incident of corruption registered in 2017. Page 37
Water		
GRI 303-1	Water withdrawal by source	To start reporting in 2018.
GRI 303-2	Water sources significantly affected by withdrawal of water	To start reporting in 2018.
Biodiversity		
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 29 and appendix 5
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	Page 29 and appendix 5
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Page 29 and appendix 5
Emissions		
GRI 305-1	Direct (Scope 1) GHG emissions	Page 31
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Page 31
GRI 305-3	Other indirect (Scope 3) GHG emissions	Page 31
Effluents and waste		
GRI 306-3	Reporting period	Annual reporting

INDICATOR	DESCRIPTION	PAGE NUMBER OR LINK
Environmental and Socioeconomic Compliance		
GRI 307-1	Non-compliance with environmental laws and regulations	No reporting of significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in 2017.
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No reporting of significant fines and non-monetary sanctions for non-compliance with social and economic laws and/or regulations in 2017.
Employment		
GRI 401-1	New employee hires and employee turnover	Page 42 and appendix 3
Training and education		
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Page 43
Diversity and Equal Opportunity		
GRI 405-1	Diversity of governance bodies and employees	Page 44
Non-discrimination		
GRI 406-1	Incidents of discrimination and corrective actions taken	No reported incidents of discrimination in 2017.
Occupational Health and Safety		
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 34
Freedom of Association and Collective Bargaining		
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We currently do not report fully on this indicator. Page 31
Security Practices		
GRI 410-1	Security personnel trained in human rights policies or procedures	Page 34
Human Rights Assessments		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Page 31
Local Communities		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	100%. Page 48-59
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Page 48-59
Public Policy		
GRI 415-1	Political contributions	No political contributions in 2017.

Appendix

1 Stakeholder engagement

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

- How the organization 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 includes 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 as part of the planning of all projects and based on this a plan for stakeholder engagement is developed. Scatec Solar emphasizes continuous dialogue with local and regional communities in order to manage and meet expectations. A dedicated community liaison officer (CLO) is appointed to 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 with regards to expectations is the starting point for all partnerships, and detailed in our agreements. Depending on the partnership we keep close dialogue with our partners.	Co-investors and partners are concerned that we are a trustworthy business partner that applies international best practice standards such as the IFC Performance Standards and the Equator Principles in order to manage environmental and social impacts. Investors with a specific impact investment focus are also concerned with the local value creation, and promotion of green energy. Some of our partners are also concerned with our ability to promote Norwegian exports.	Refer to chapter 2 and 3
Financing partners	Financing partners are mainly engaged prior to providing capital, and often have very specific requirements with regards to how environmental, social and governance factors are assessed and managed.	Financing partners also focus on our business conduct and 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 in terms of for example access to energy and job creation.	Refer to chapter 2 and 3
Shareholders	Existing and potential shareholders are engaged on a regular basis and often express their concerns and expectations directly with top management.	Shareholders are concerned with the ability to create value in the short and longer term and 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 with own working conditions, health and safety, and opportunities to develop competencies and career path.	Refer to chapter 1, 2 and 3
Contractors	Contractors concerns are heard as part of 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 chapter 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
NGO's	NGO's that represent local communities are engaged through each phase of the project. Environmental NGOs in Norway are engaged through collaboration with regards 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 chapter 1 and 3

1.2 Our sustainability priorities

The material sustainability topics for our company were defined based on an assessment of key stakeholder expectations, the significance of social, economic and environmental impacts and the relevance to our strategy. The mapping of stakeholders' expectations was based on results of the ongoing stakeholder dialogue that is part of daily business on the ground when planning and executing projects, as well as at the corporate level with stakeholders such as investors, regulators and financiers. This information was collected and structured through interviews with key internal stakeholders. The significance of social, economic and environmental impacts was based on an assessment of impacts through the value chain in the countries where we operate.

2 Scatec Solar greenhouse gas emission

2.1 Methodology

Direct greenhouse gas emissions reported under Scope 1 from Scatec Solar's operations include those resulting from onsite backup generators, Scatec Solar vehicles and other maintenance activities. Emissions factors for fuels are from the UK Government's GHG Conversion Factors for Company reporting, 2017. Scope 2, indirect emissions, are reported for offices and onsite maintenance facilities, with emissions factors used from the IEA's Emissions from Fuel Combustion 2016 publication for all countries outside of Europe. For European countries AIB's European Residual Mixes 2016 publication was used for residual and grid factors (We do not currently purchase renewable origins of guarantee). Scope 3 emissions are currently reported for business related flights using an average factor from the same UK government conversion factor list, this factor includes the radiative forcing effect of aviation greenhouse gas emissions. Scatec Solar does not currently use biofuels, so there are no biogenic emissions reported for 2017.

2.2 Location versus market based method

Location based is emissions based on the actual electricity mix in a grid, meaning all the different power plants that are making electricity over the year, and that may or may not be generating greenhouse gas emissions. It represents your share of those emissions based on the electricity you consume (also called the physical/ real factor). Total greenhouse gas emissions from all power plants in grid/ total electricity generated is the location based factor. This is measured in grams of carbon dioxide per kilowatt hour aka gCO_2/kWh.

The market based factor takes into account that some electricity markets have renewable energy certification schemes. These are designed to allow consumers to claim renewable energy traits through the electricity they consume, even though the electricity is actually exactly the same. The certificates have a cost and the purpose is to provide an additional source of income to renewable energy producers to encourage more renewable electricity generation/capacity.

The electricity that has the renewable certificate is treated as having no greenhouse gas emissions. The remaining electricity that a company has purchased is calculated as being from the remaining power plants that are not renewable, and as a result is much higher than the location based factor that is the average of all the power plants. This factor is called a residual factor.

3 Information on employees and other workers

The employee statistics is characterized by cyclical variation depending on project phase. A considerable portion of our workers are sub contractors hired during the construction phase of our projects. The tables below show employee statistics as of year end 2017:

TOTAL	FULL TIME EMPLOYEES	SHORT TERM EMPLOYEES	CONSULTANTS
277	184	46	46

GENDER	TOTAL	FULL TIME EMPLOYEES	SHORT TERM EMPLOYEE	FULL-TIME	PART-TIME
Male	158	122	35	158	-
Female	73	62	11	73	-

REGIONAL WORKPLACE	TOTAL	FULL TIME EMPLOYEES	SHORT TERM EMPLOYEE	FEMALE	MALE	FULL-TIME	PART-TIME
Europe	74	71	3	31	43	74	-
Africa	86	77	8	25	61	85	-
Latin America	29	16	13	8	21	28	-
MENA	13	12	1	2	11	13	-
Asia	29	8	21	7	22	29	-

Turnover

AGE	TURNOVER %
18 - 29	-
30 - 49	11.3
50 - 70	18.6

GENDER	TURNOVER %
Male	10.2
Female	13.3

REGIONAL WORKPLACE	TURNOVER %
Africa	11.7
Europe	18.0
Latin America	-
MENA	-
Asia	-

4 Entities included in the consolidated financial statements

A complete list of all the entities included in the organization's consolidated financial statements:

COMPANY	REGISTERED OFFICE	CONSOLIDATED ECONOMIC INTERESTS 2017	CONSOLIDATED ECONOMIC INTERESTS 2016
Scatec Solar Solutions GmbH	Regensburg, Germany	100%	100%
Scatec Solar Italy S.R.L	Rome, Italy	100%	100%
BFL.F S.R.L	Rome, Italy	100%	100%
Scatec Solar S.R.O	Prague, Czech	100%	100%
Signo Solar PP01 S.R.O	Prague, Czech	100%	100%
Signo Solar PP02 S.R.O	Prague, Czech	100%	100%
Signo Solar PP03 S.R.O	Prague, Czech	100%	100%
Signo Solar PP04 S.R.O	Prague, Czech	100%	100%
Scatec Solar PV1 S.R.O	Prague, Czech	100%	100%
Scatec Solar India Pvt. Ltd.	New Delhi, India	100%	100%
Scatec Solar North America Inc.	California, USA	100%	100%
Scatec California Solar No 1, LLC [2]	California, USA	-	100%
Scatec California Partners, LP [2]	California, USA	-	100%
Chateau St Jean Solar LLC	California, USA	80%	80%
Tourves SPV SAS	St Raphael, France	100%	100%
Scatec Solar SAS	Paris, France	100%	100%
Scatec Solar Jordan EPC	Amman, Jordan	100%	100%
Scatec Solar AS/Jordan PSC	Amman, Jordan	90%	90%
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%	50.1%
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%	50.1%
Scatec Luxemburg Holding SA [2]	Luxemburg	-	-
Scatec Solar Africa (Pty) Ltd	South Africa	100%	100%
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	100%
Scatec Solar SA163 (Pty) Ltd	Cape Town, South Africa	92%	92%
Scatec Solar SA (Pty) Ltd	Sandton, South Africa	70%	70%
Scatec Solar SA 165 (Pty) Ltd	Sandton, South Africa	65%	65%
Scatec Solar SA 166 (Pty) Ltd	Sandton, South Africa	39%	39%
Scatec Solar SA 164 (Pty) Ltd	Sandton, South Africa	71%	71%
Simacel 155 (Pty) Ltd	Sandton, South Africa	39%	39%
Simacel 160 (Pty) Ltd	Sandton, South Africa	39%	39%
Scatec Solar Rwanda Ltd	Rwanda	100%	100%
Gigawatt Global Rwanda Ltd	Rwanda	54.03%	43%
Scatec Solar Honduras SA	Honduras	100%	100%
Produccion de Energia Solar Demas Renovables SA	Honduras	40%	40%
Fotovoltaica Surena S.A	Honduras	70%	70%
Generaciones Energeticas S.A	Honduras	70%	70%
Fotovoltaica Los Prados S.A	Honduras	70%	70%
Foto Sol S.A	Honduras	70%	70%
Energias Solares S.A	Honduras	70%	70%
Scatec Solar Mali SAS [1]	Bamako, Mali	100%	-
Segou Solaire S.A. [1]	Bamako, Mali	50%	-
Scatec Solar DMCC	United Arab Emirates	100%	100%
Central Solar de Mocuba SA	Mozambique	52.50%	52.50%
Scatec Solar Mozambique Limitada	Mozambique	100%	100%
Scatec Solar Mexico SAPI de CV	Mexico	100%	100%
Scatec Solar Intertec Mexico SAPI de CV	Mexico	60%	60%
Saferay Solar SAPI de CV	Mexico	60%	60%

COMPANY	REGISTERED OFFICE	CONSOLIDATED ECONOMIC INTERESTS 2017	CONSOLIDATED ECONOMIC INTERESTS 2016
SIM Solar 1 SAPI de CV	Mexico	60%	60%
SIM Solar SAPI de CV	Mexico	60%	60%
Scatec Sukhur B.V. Offshore Holdco	The Netherlands	100%	100%
Scatec Solar Netherlands B.V.	The Netherlands	100%	100%
Scatec Solar Nigeria B.V.	The Netherlands	100%	100%
Nova Scotia Power Development Limited [1]	Abuja, Nigeria	100%	100%
Scatec Solar Solutions Egypt LLC	Egypt	100%	100%
Egypt Solar B.V. [4]	The Netherlands	51%	70%
Upper Egypt 2 B.V. [4]	The Netherlands	51%	70%
Upper Egypt Solar Power [4]	Egypt	51%	49%
Kom Ombo 2 B.V. [4]	The Netherlands	51%	70%
Kom Ombo Renewable Energy SAE [4]	Egypt	51%	49%
Daraw B.V. [4]	The Netherlands	51%	70%
Philadelphia Power SAE	Egypt	51%	49%
Zafarana 2 B.V.	The Netherlands	51%	100%
Zafarana Solar Power SAE	Egypt	51%	49%
Red Sea Solar Power 2 B.V	The Netherlands	51%	100%
Red Sea Solar Power SAE	Egypt	51%	49%
Aswan Solar Power SAE	Egypt	51%	100%
Scatec Solar Mali B.V. [1]	The Netherlands	100%	-
Scatec Solar Solutions Malaysia Sdn Bhd [1]	Kuala Lumpur, Malaysia	100%	-
Scatec Solar Malaysia B.V. [1]	The Netherlands	100%	-
Quantum Solar Park Semenanjun gSdn Bhd [1] [4]	Kuala Lumpur, Malaysia	65%	-
Quantum Solar Park (Kedah) Sdn Bhd [1] [4]	Kuala Lumpur, Malaysia	65%	-
Quantum Solar Park (Melaka) Sdn Bhd [1] [4]	Kuala Lumpur, Malaysia	65%	-
Quantum Solar Park (Terengganu) Sdn Bhd [1] [4]	Kuala Lumpur, Malaysia	65%	-
Scatec Solar South Africa B.V. [1]	The Netherlands	70%	-
Dyason's Klip 1 (Pty) Ltd [1]	South Africa	42%	-
Dyason's Klip 2 (Pty) Ltd [1]	South Africa	42%	-
Sirius Solar PV Project One (RF) (Pty) Ltd [1]	South Africa	42%	-
Scatec Energy LLC [3]	USA	50%	50%
Scatec Solar Brazil B.V. [3]	The Netherlands	50%	-
Apodi I Energia SPE S.A. [3]	Brazil	43.75%	-
Apodi II Energia SPE S.A. [3]	Brazil	43.75%	-
Apodi III Energia SPE S.A. [3]	Brazil	43.75%	-
Apodi IV Energia SPE S.A. [3]	Brazil	43.75%	-
Scatec Solar Brazil Solutions B.V. [3]	The Netherlands	50%	-
Scatec Solar Brazil Serviços de Engenharia Ltda [3]	Brazil	50%	-

1) Companies established/consolidated in 2017.

2) Companies sold or liquidated in 2017.

3) Joint venture companies, see note 21.

4) The 65% and 51% economic interest in the Malaysia and Egypt projects respectively are Scatec`s estimated economic interest over the projects lifetime based on our right to economic return obtained through shareholdings and other contractual arrangements.

5 Biodiversity

Operational sites in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas:

PROJECT SITES	GEOGRAPHIC LOCATION	POSITION IN RELATION TO NEAREST PROTECTED AREA AND BIODIVERSITY VALUE OF THE NEAREST PROTECTED AREA CHARACTERIZED BY LISTING OF STATUS (SUCH AS IUCN PROTECTED AREA MANAGEMENT CATEGORIES, RAMSAR CONVENTION, NATIONAL LEGISLATION).	SIZE OF OPERATIONAL SITE
Agua Fria	Valle Department of Honduras	The site is outside protected areas, 2 km. away from Bahia de Chismuyo, a RAMSAR 1000 habitat/species management area, consisting of a mangrove and tropical humid vegetation ecosystem, resting places for migratory and resident bird species.	63 ha
Merchang	Terengganu Province, Malaysia	The site is outside protected areas and consists of modified and natural habitats (wetlands west of site). Nearest protected area is a reserve forest Hutan Rizab Jambu Bongkok (1.5 km. southwest.)	81 ha
Los Prados	Choluteca Department of Honduras	The site is outside protected areas and is 1.4 km. away from El Jicarito and 6 km from San Bernard, both RAMSAR 1000 habitat/species management areas, consisting of a mangrove and tropical humid vegetation ecosystem, resting places for migratory and resident bird species.	133 ha

IUCN Red List species and national conservation list species with habitats in areas affected by operations:

PROJECT SITES	CRITICALLY ENDANGERED	ENDANGERED	VULNERABLE	NEAR THREATENED	LEAST CONCERN
Sites red list and national conservation list species are identified in the ESIA [1)]	-	2	5	7	162

1) Dreunberg, Oryx, EJRE, GLAE, Agua Fria, Gurun, Merchang, Jasin, Los Prados. Projects in backlog are not included.

Scatec Solar

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