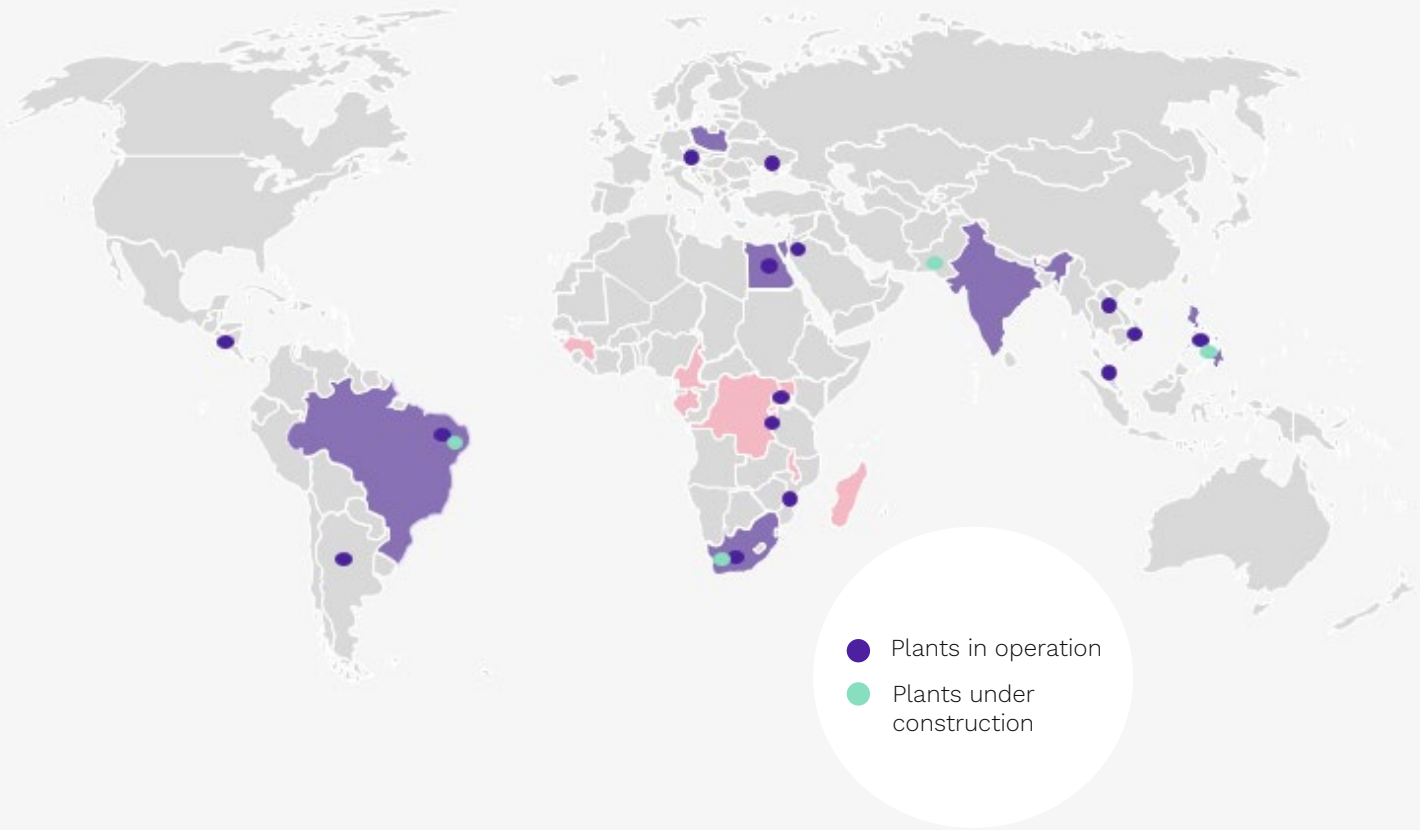
Scatec

Net Zero Strategy

2023

Content

Scatec in brief



Scatec is a leading renewable energy solutions provider, accelerating access to reliable and affordable clean energy in emerging markets. As a long-term player, we develop, build, own and operate renewable energy plants, with 4.6 GW in operation and under construction across four continents today.

We are committed to grow our renewable energy capacity, delivered by our close to 800 passionate employees and partners who are driven by a common vision of ‘Improving our Future’. Scatec is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol ‘SCATC’.

Note from the CEO

Net zero by 2040

The urgency of the climate crisis requires rapid emissions cuts to reach a state of “net-zero” as quickly as possible.

According to the Bloomberg New Energy Outlook, 85 per cent of the world’s energy production will have to come from renewable energy if we are to reach the global net-zero objective by 2050.

Huge investments in wind, solar and batteries are vital to reach this goal. As a renewable energy developer, we have a key role in mobilizing this investment. Scatec is aiming to develop 1.5 GW of new renewable energy capacity annually towards 2027.

This will contribute to the green transition and help avoid millions of tonnes of emissions each year. To ensure as low climate impact as possible from our products, we are seeking to collaborate with suppliers across our value chain. Working together to find solutions is incremental in order to reach net zero by 2040, ensuring a climate safe and prosperous world for all.

Terje Pilskog,
Chief Executive Officer, Scatec ASA

NET ZERO
By 2040

2030	2040
Scope 1: 95% reduction	Scope 1&2: 99% reduction kept from 2030
Scope 2: Zero emissions	Scope 3: 97% reduction/kWh
Scope 3: 55% reduction/kWh	

Scatec is aiming for net zero by 2040. This is where the emissions throughout our value chain are reduced to as close to zero as possible. Any remaining emissions that cannot be mitigated must then be offset by permanent greenhouse gas removals from the atmosphere.

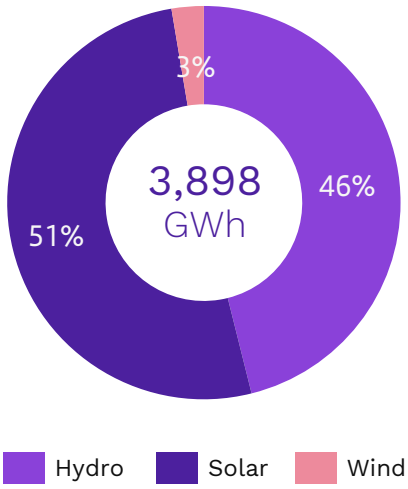
Why renewables?

Renewables are the cleanest and cheapest way to produce electricity

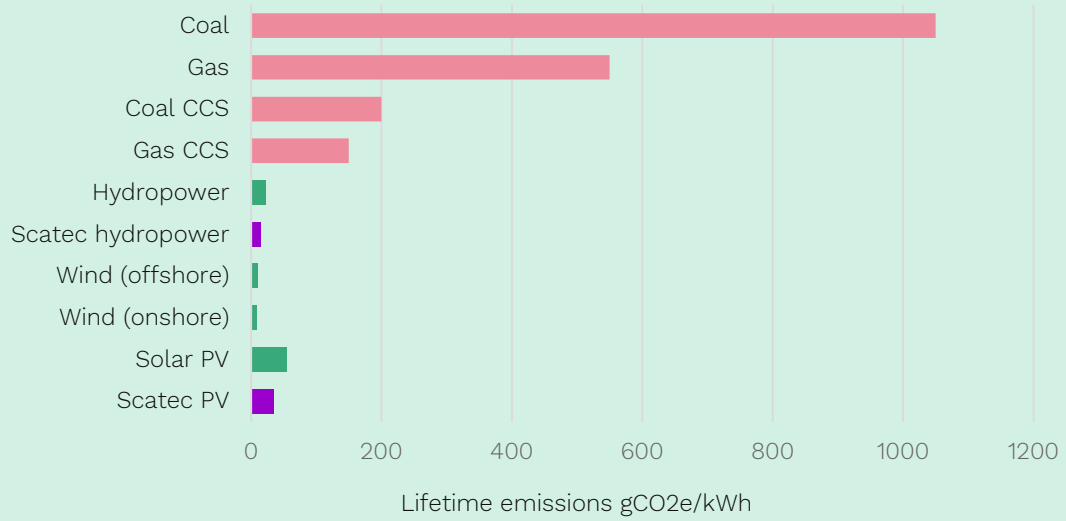
Decarbonizing the power sector is key to the energy system transition. Scatec sees renewable electricity generation as the only way to power clean growth.

Renewables is the cleanest source of electricity, including lifecycle emissions, and is becoming the cheapest subsidy-free way of electricity generation.

Our portfolio is exclusively renewable. It is a mixture of relatively new solar and wind projects and investments in upgraded hydropower plants. We are also developing new wind, solar and hydropower projects as well as innovative facilities to produce green hydrogen and ammonia from renewable electricity.



Average lifecycle greenhouse gas emissions intensity by electricity technology



Greenhouse gas emissions from fossil fuel power plants are still far higher than renewables even with carbon capture and storage (figure based on IPCC AR5 data and Scatec power plant analyses)

How does Scatec impact the climate?

Electric utilities play a crucial role in a decarbonized society In all climate scenarios that limit warming to 1.5°C, the share of electricity in final energy consumption grows steadily between 2020 and 2050.

Our power plants provide renewable energy to the consumers, contributing to avoid emissions from polluting fossil fuels for electricity generation. It typically takes less than a year for the avoided emissions to surpass the emissions from building the power plant.

4.7 million

tonnes GHG emissions avoided in 2022 for projects where Scatec has an ownership share

Direct emissions from vehicles, emergency generators & coolant gas (SF6)

>99% Of a solar module can be recycled into new products.

>70% of lifecycle emissions are from suppliers of parts such as solar modules and wind turbines

Zero scope 2 emissions and near zero scope 1 by 2030

Scope 1 - direct emissions from activities: 95% reduction by 2030

Scatec's direct emissions relate to fuel used for maintenance vehicles and emergency generators and leakages of fluorinated coolant and insulating gases (SF_6).

100% Electric site vehicles by 2030

Most of these emissions can be reduced by electrifying our vehicles and improving operational routines. We aim for all our maintenance vehicles to be electric by 2030 and will install electric vehicles charging points across our power plants and key offices to support this. We are also following the development of SF6 free equipment for renewable energy production and aim to phase out the use of this coolant gas in our operations by 2030.

Scope 2 - purchased electricity: 100% renewable electricity consumption by 2030

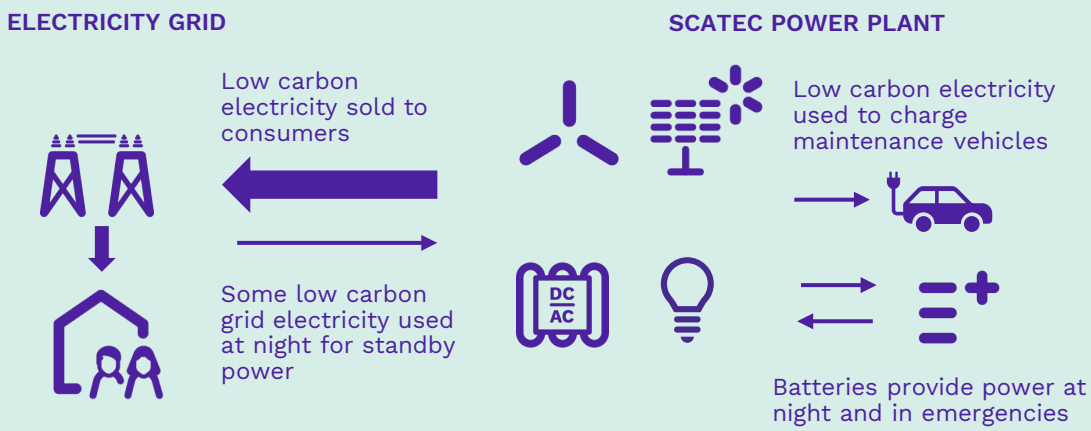
We are committed to source 100% renewable electricity before 2030.

We will, when possible, use our own electricity to power our facilities and are exploring the potential to use batteries to store electricity overnight and provide emergency power if necessary.

Where we use grid electricity, we will purchase international renewable energy certificates (I-RECs) from renewable plants in the same country to cover our consumption.

100% Electricity use certified renewable by 2030

All-electric net zero renewable power plant



Reducing scope 3 emissions intensity 97% per kWh by 2040

Scope 3 target - our value chain emissions

Component manufacturing is the most carbon intense part of Scatec's value chain.

Over two thirds of the lifecycle emissions of wind and solar power plants occur during the manufacturing of their components and raw materials. Reducing these emissions is therefore essential to reaching net zero and will account for most of the reductions to meet our targets.

Our supply chain strategy

To achieve an intensity reduction of 97% in our supply chain we will encourage and later require that suppliers:

- Carry out lifecycle assessments to improve data and identify emission hot spots
- Increase low carbon electricity and ultimately replace fossil fuels in manufacturing processes where possible
- Increase the use of recycled materials in components
- Use low emission transportation

We are developing our own competitive procurement criteria to favour lower carbon components and engaging with our suppliers through engagement dedicated to sustainability.

Better standardisation

Supply chain emissions are an industry wide challenge. Therefore, we are involved in developing standards for low carbon solar modules to allow for objective comparisons during procurement.

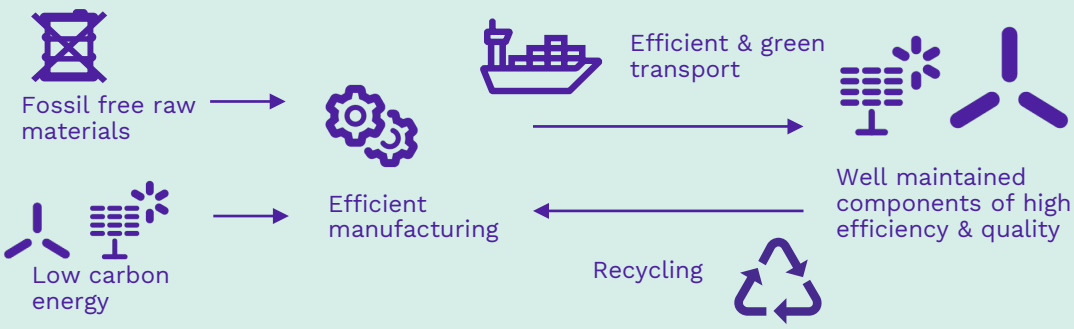
Increasingly strict requirements from the EU on renewable power production creates an incentive for innovation to find better solutions.

More recycling and clean technology

Metals are essential for many components but represents a large source of emissions. Steel is used in wind turbines and solar mounting structures. Increasing the use of recycled steel and, in the future, using hydrogen and CCS technology to produce steel can dramatically reduce emissions. We are aiming for 100% of our steel to be low emission steel by 2040.

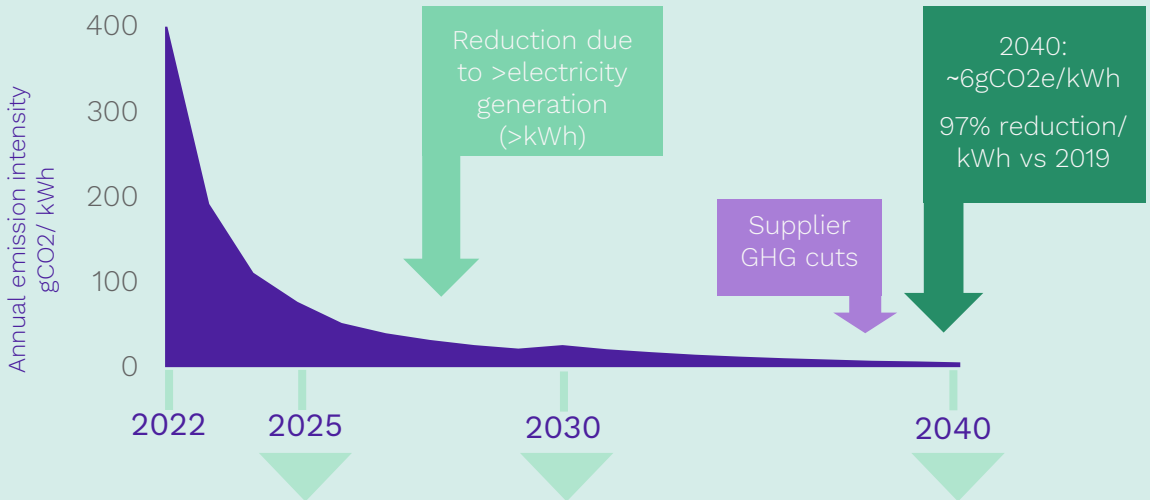
100% Low emission steel by 2040

Key processes to achieve a net zero supply chain



Milestones to reach net zero by 2040

To achieve net zero by 2040 we have set the following key milestones to ensure we are making progress in cutting emissions while we increase renewable electricity production.



Vehicles	>15% zero emission vehicles	100% zero emissions vehicles	Zero emissions construction
Back-up power	>25% of sites battery back-up power	Zero emissions at all sites (biofuels if necessary)	Continue zero emissions
Electricity	>2 plants w/electricity from on-site renewables	100% renewable electricity use (Own & I-RECs)	Continue 100%
Solar	>1 using ULCS modules* Reduce use & leakages of SF_6	55% cut/ kWh (Green steel blend trackers)	97% emission cut/ kWh (may require CCS)
Wind	1 project using low emission steel blend	>40% cut/ kWh (>efficiency, green steel blends on all projects)	97% emission cut/ kWh (may require CCS)

*As defined by the Ultra-Low Carbon Solar Standard

We’re in this together- industry initiatives

No company can solve these challenges alone

Solar Power Europe

Scatec is a member of Solar Power Europe (SPE), a European association working to promote solar energy and improve industry wide cooperation. We believe solar and renewables are the future, and that industry cooperation is essential. We therefore actively participate in several SPE work streams including sustainability.

Science Based Target Initiatives

We want our climate target to be robust and grounded in science. We have therefore had our net zero target validated by the Science Based Target initiative (SBTi). The SBTi partnership between CDP, the UNGC and WWF whose aim is to increase business climate ambition to align it with the cuts needed to limit global warming.

Ultra low carbon solar alliance

We are playing an active role in establishing new standards for solar on the technical committee for the Ultra Low-Carbon Solar Standard. As a representative of companies purchasing large number of solar modules, we are keen for a robust and useable standard that will allow us to differentiate and buy low carbon solar panels.

PV Cycle

One of the most effective ways to reduce the emissions of products is to use recycled rather than virgin raw materials. We are therefore aiming to recycle as much of components as possible when they reach end of life. To support this goal, we have become a member of PV Cycle, an organisation that connects solar waste recyclers with those who have solar waste to dispose of in order to increase recycling rates.

Definitions and acronyms

CCS: Carbon capture and storage

Climate crisis: rapid alteration of the global climate due to manmade greenhouse gas emissions and assoicated heating

GHG: greenhouse gas

GW: Giga (billion) watt, used as unit of capacity of a power plant to generate power

I-REC: International Renewable Energy certicate (type of guarantee of origin scheme)

kWh: kilo (thousand) watt hour, a unit of energy

Net-Zero: an equilbrium state where greenhouse gas emissions are balanced by permanent removals from the atmosphere

PV: photovoltaic, the most common type of solar generation technology

SBTi: Science Based Target Initiative

SPE: Solar Power Europe, a European focused solar policy and advocacy membership organisation

tCO2e: tonne of Carbon dioxide equivalent