



# Sustainability Report 2014

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## SCATEC SOLAR'S VALUE CHAIN



# Scatec Solar

Scatec Solar is an integrated independent power producer, aiming to make solar a sustainable and affordable source of energy worldwide. Scatec Solar develops, builds, owns and operates solar power plants and delivers power from 219 MW in the Czech Republic, South Africa and Rwanda. The company is in strong growth and has a solid pipeline of projects under development in Africa, Middle East, Americas, Asia and Europe. Scatec Solar is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SSO'.

For more on Scatec Solar, please visit our home page [www.scatecsolar.com](http://www.scatecsolar.com).

## KEY FACTS

Established	2007
Employees	104
Listed on the Oslo Stock Exchange	2014
Market capitalization (year-end)	NOK 2.8 billion

## 2014 PRODUCTION

**273,827** MWh

## UNDER CONSTRUCTION

**207** MW

## PROJECT PIPELINE

**660** MW

## OUR LOCATIONS



### OUR VISION

Scatec Solar  
- 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

# Sustainability

This sustainability report represents the first of its kind for Scatec Solar. In 2014 we are proud to present a significant step forward with our efforts to further integrate sustainability throughout our value chain.

As we continue to expand globally, we strive to be good citizens in the societies where we operate. Sustainability has always been an integral part of the business model of Scatec Solar. To be able to conduct our business in a truly sustainable way, it is necessary to work in a structured and systematic manner across all our business segments. We are proud to present our first report in this field with the following three principal areas for all employees to focus on in 2015; delivering competitive renewable energy, contributing to local value creation and being a trusted business partner.

Delivering competitive renewable energy involves providing predictable energy production and securing capacity growth. It also highlights the significant role of Scatec Solar in promoting and financing solar energy. Contributing to local value creation focuses on local development of the societies where we operate and maintaining open dialogues and engagements with local communities. Lastly, being a trusted business partner points to the importance of founding our work on guidelines and principles that are in line with the Equator Principles and the International Finance Corporation (IFC) Performance Standards. In addition, related areas such as HSE, anti-corruption, talent attraction and retention, as well as responsible procurement.

In 2014, all of our projects were delivered with solid HSE records, and we report one lost time incident across our eight solar power plants throughout the year.

We firmly believe that the only way to conduct business is in a sustainable manner, and we strive to make people proud to work with and for Scatec Solar.



Raymond Carlsen  
CEO



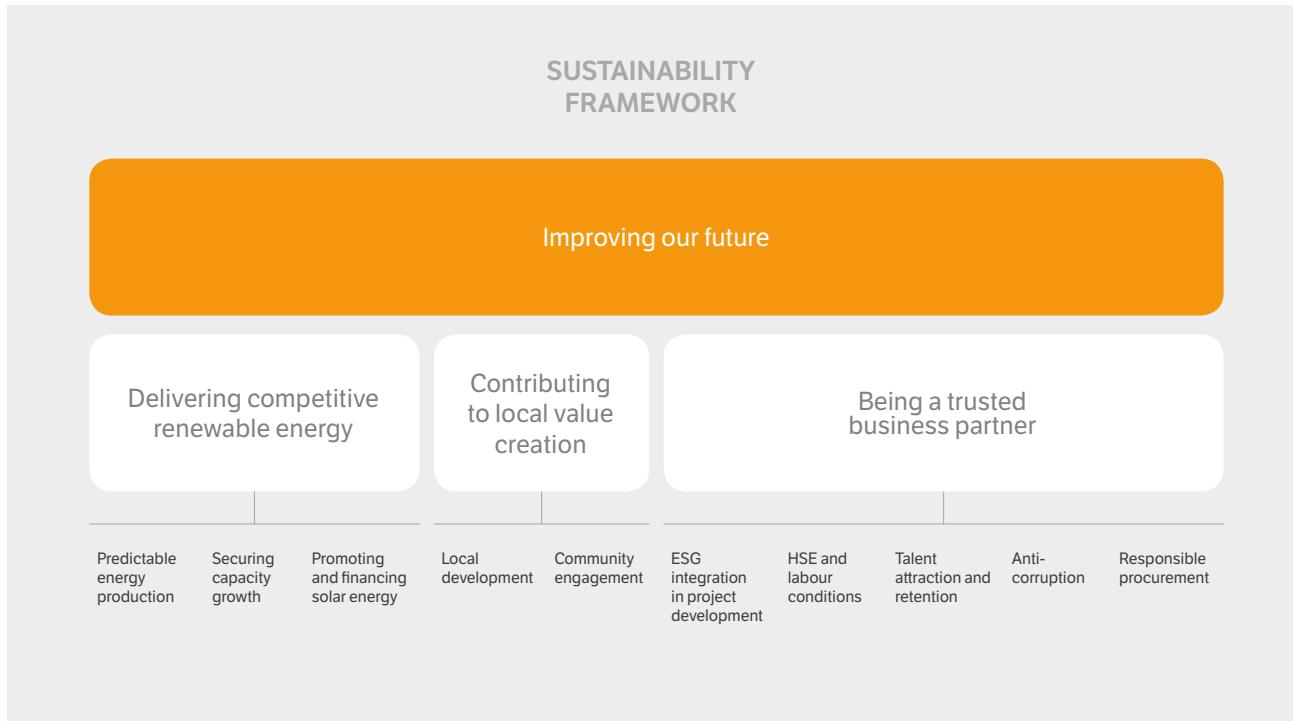
Our solar power plant (ASYV) next to the youth village in Rwanda.

# An introduction

Compliance with national, regional and international rules, laws and conventions is mandatory in Scatec Solar, but business ethics and sustainability extend beyond compliance. These efforts not only build trust among our stakeholders, they are also vital to our business ambitions and corporate strategy. We strive to conduct our business in a way that makes people proud to work with and for Scatec Solar.

In 2014, Scatec Solar undertook an important step towards further improving and systemising the work within the area of corporate social responsibility. We have developed a policy defining Scatec Solar's fundamental principles of integrity and sustainability, and we have also chosen 10 priority areas to focus on by our employees and our company as a whole when conducting business.

To illustrate our approach to sustainability, we have defined the following three main themes: delivering competitive renewable energy, contributing to local value creation and being a trusted business partner. The chosen 10 priority areas are grouped into these themes. Each of the areas is defined by a policy, an evaluation of results in 2014 and a set of ambitions to be measured for 2015. The framework is displayed below and the chapters that follow present each area in more detail.



## 1. DELIVERING COMPETITIVE RENEWABLE ENERGY

### 1.1 Predictable energy production

#### **Our policy**

Our customers and the communities we operate in rely on us to deliver on our commitments and to secure predictable and affordable supply of solar electricity. Maintaining stable operational performance is essential to ensuring the trust of our business partners. We will:

- Build solar power plants based on the highest industry standards and according to the “Scatec Solar Quality Policy”
- Source components from the leading suppliers based on the latest proven technologies available
- Operate and maintain the plants to ensure maximum availability and performance of the solar power plants

#### **Our actions and results in 2014**

During 2014 we increased our total installed capacity of power producing solar plants by 130 percent, from 95 MW to 219 MW. The Linde (40MW) solar plant in Northern Cape, South Africa, started production in June, the ASYV (8,5MW) solar plant in Rwanda in July, the Dreunberg (75MW) plant in Eastern Cape, South Africa, started production in September – all ahead of the commitments made to power purchasers.

All our power-producing plants have demonstrated performance above the expectations of independent technical advisors and the availability (plant uptime) across the portfolio has been as high as 99.9 percent. Such high performance and availability of the plants is secured through Scatec Solar's integrated and industrial approach to developing, constructing and operating solar plants, where the design, the sourcing of quality components, the construction management and the operation and maintenance processes are all aligned to ensure optimal performance from our perspective as long-term owners of the plants.

#### **Our ambitions and goals**

We will continue our effort of securing and continuously improving the performance of our operating plants, and ensure that the new production capacity under construction in Honduras, Jordan and the USA will start production as planned during 2015. Our increasing base of experience from operations will be used to provide input to continuous improvements in the design and operating procedures for new solar power plants.

### 1.2 Securing capacity growth

#### **Our policy**

The growth of our business is in itself a positive contribution towards meeting the climate challenge and bridging the global energy gap. We are also conscious that taking part in driving change through new solutions and technology is key to growth. We will:

- Actively pursue new project opportunities within prioritised global regions to secure a robust project pipeline
- Develop projects in collaboration with local partners that can contribute essential knowledge and networks
- Monitor developments in relevant technologies and solutions and contribute to innovative initiatives in the sector

#### **Our actions and results in 2014**

In 2014 we completed construction of three new solar power plants in South Africa and Rwanda totalling about 130 MW. Additionally, we have developed and secured financing for four new power plants in the USA, Honduras and Jordan. Their capacity is a total 207 MW.

We collaborated with local partners in all of our projects in 2014.

#### **Our ambitions and goals**

Scatec Solar has a target to grow its base of producing assets from 219 MW to gross 750 MW by the end of 2016, which would represent an increase of 530 MW. Currently, we have 207 MW of projects under construction and a pipeline of projects with a combined capacity of 660 MW in MENA, Americas and Africa.

### 1.3 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 globally. We have knowledge and experience that are valuable in shaping and driving this agenda. We will:

- Share knowledge and experiences of the benefits of renewable energy in dialogue with policy makers, local authorities, investors and other partners
- Encourage regulatory developments and incentives that support renewable energy
- Leverage carbon and climate finance to improve project internal rates of return
- Ensure that our efforts to promote renewable energy are done in a balanced manner and with integrity

#### **Our actions and results in 2014**

Scatec Solar was active at several industry conferences, events and seminars throughout 2014. We continue to share knowledge at conferences on solar energy worldwide. Seminars Scatec Solar participated in included Utility Week in South Africa, SREP conference in Jamaica, Africa Energy Exchange in London and the NABA conference. In addition to expanding the Company's partner network, the purpose of the participation has been to share knowledge of the benefits of deploying more solar globally and how policies can be implemented to ensure increased investments in solar in the future. Scatec Solar also shares knowledge through blogs and books.

In 2014 Scatec Solar developed a policy on climate and carbon financing to guide the Company through the project pipeline. This policy means that all avenues of soft financing are pursued to improve investment returns. This policy resulted in applications for the sale of two million tonnes of certified emission reductions (CERs) to the Nordic Environment Finance Corporation (NEFCO). We submitted 18 projects under two POAs, including projects in Jordan, Egypt and eight sub-Saharan countries. The UNFCCC granted CDM loans to our projects in Ghana, Mali and Burkina Faso for validation purposes. Scatec Solar is currently working with a CDM consultant to validate the projects.

Table 1 below shows the avoided emissions from our clean electricity generation per year for four of our parks in operation.

TABLE 1: CARBON EMISSIONS AVOIDED PER PROJECT

PROJECT/COUNTRY CONSTRUCTED AND/OR COMPLETED IN 2014	GHG <sup>(1)</sup> EMISSIONS AVOIDED (TONNES CO <sub>2</sub> PER ANNUM)
ASYV, Rwanda	15,000
Dreunberg, South Africa	170,000
Linde, South Africa	89,000
Kalkbult, South Africa	142,000

(1) Greenhouse gases.

We have close cooperation with development finance organisations and have documented partnerships with Norad (Norwegian Agency for Development Cooperation, a specialised directorate under the Ministry of Foreign Affairs), IFC (a member of the World Bank Group, the largest global development institution focused exclusively on the private sector in developing countries) and Norfund (Norwegian Investment Fund for Developing Countries), to name just a few. We received grants directed at project

development from Norad and concessionary finance from the Clean Technology fund under the “Scaling Up Renewable Energy in Low Income Countries” programme for our project in Segou, Mali.

In Norway, we have been actively engaged in the discussion about how the Norwegian government can do more to promote economic development in developing countries through improved access to renewable energy by promoting direct investment through Norwegian renewable energy independent power producers (IPPs). We believe that this approach will promote technology transfer in addition to global climate change action in target countries.

#### ***Our ambitions and goals***

Scatec Solar will continue to be an active participant in industry-wide discussions – internationally and in Norway. We will also continue to push forward the establishment of improved policies that promote increased investments in solar.



## 2. CONTRIBUTING TO LOCAL VALUE CREATION

### 2.1 Local development

#### *Our policy*

Our goal is to ensure that we directly and indirectly have positive impacts on the societies in which we operate. We will:

- Employ local labour and enable knowledge transfer and job creation in local communities
- Use local suppliers whenever feasible
- Plan for and contribute to local development initiatives
- Ensure that our efforts to impact positively on local communities are done with integrity and awareness of our zero tolerance for corruption
- Train and educate our people in how best to operate in a new, often foreign, culture to make every project friction free and a collaborative enterprise
- Increase access to renewable electricity generation capacity in countries experiencing energy shortage

#### *Our actions and results in 2014*

Our most significant contribution to local value creation is through increasing access to electricity. This is particularly relevant in Rwanda, where our solar power plant increased nationwide installed generation capacity by close to eight percent. Furthermore, the project is a pioneer in being the first utility-scale solar power plant in not just Rwanda, but the whole of East Africa. According to the IEA in 2012 only 17 percent of Rwandans had access to electricity and rolling blackouts are a regular occurrence due to strain on the national grid. The table below provides an overview of some of our operating projects in 2014 with regards to the installed MW of renewable energy generation, annual power production, the number of households provided with energy and our estimated quantifiable direct contribution to local economies during the construction phase.

In South Africa, local economic development has been particularly important, and this was heavily weighted in the evaluation of the tenders for winning concessions. We have made significant efforts to contribute to local economic development for our three projects in South Africa. These efforts have provided us with valuable experience that we have learnt from and will integrate and use in future projects. A particular emphasis has been on contributing to the 2003 Act "Broad Based Black Economic Empowerment" (BBBEE) in the South African projects, including:

- Job creation – providing employment for South African citizens, focusing on skilled and unskilled citizens and members of the local community
- Local content – total spending on South African labour and products in the projects
- Local ownership – shareholdings by black people
- Management control – growing the number of black people in management positions
- Preferential procurement – goods and services purchased from suppliers with Black Economic Empowerment (BEE) recognition levels
- Enterprise development – identifying and helping local enterprises to grow
- Socio-economic development – initiatives related to the promotion of access to the economy for black people

Our commitment to job creation, including the use of local labour and suppliers, contributes to reducing unemployment rates and provides knowledge transfer to the community. We therefore strive to employ local labour as far as possible, regardless of whether this is a regulatory or contractual requirement.

In all our construction projects, we have employed local skilled and unskilled labour and provided workers with technical skills and an experience of employment in construction and industry operations. These construction jobs are often short term, as the labour-intensive construction phase usually lasts 6-14 months. Still, employees learn transferable and valuable skills, and our subcontractors maintain a database of previous employees. Furthermore, we formalise the skill enhancement of our workers. All workers receive HSSE training (Health, Safety, Security and Environment) before they go on site. For the South African projects, further skill enhancement is mainly documented through certification. This includes documentation of skills related to risk assessment, accident investigation, first aid and safety harness investigation. In Rwanda, the skill enhancement involved the awarding of a diploma to our workers on completion of their project work. This diploma typically describes the tasks performed and the project characteristics. Employees can later use this as documentation and a reference for future job applications. We believe that this will make our workers more eligible candidates for future jobs.

TABLE 2: OUR 2014 PROJECTS- SUSTAINABLE NATIONAL DEVELOPMENT ACHIEVEMENTS

PROJECT/COUNTRY CONSTRUCTED AND/OR COMPLETED IN 2014	INSTALLED MW OF RENEWABLE ENERGY GENERATION (DC CAPACITY)	ANNUAL POWER PRODUCTION (MWH)	NUMBER OF HOUSEHOLDS PROVIDED WITH ENERGY <sup>1)</sup>	LOCAL PROCUREMENT SPENDING (NOK)
ASYV, Rwanda	8.5	15,500	15,000	19,533,384 <sup>2)</sup>
Dreunberg, South Africa	75	178,000	37,500	251,605,784
Linde, South Africa	40	94,000	20,000	123,718,137

(1) Avg. el consumption 4.5kWh/ house IFC std.

(2)Estimated value of local contracts.



In some of our projects, we also have made considerable efforts to establish formalised structures for employment exceeding what is included in local legislation. In 2014 such efforts were for instance made in our Rwandan project ASYV. Our efforts in this case included a requirement for all employees to set up a salary account to receive payments fortnightly. We did this hoping to establish good financial management practices amongst our employees. In 2014 while three of our projects were in their most labour-intensive phase, the construction phase, we employed a total of 1,580 workers. The job creation, the percentage of local employment and the number of skill certifications for each project are shown in Table 3 below.

We also make financial contributions to socio-economic development initiatives directly to the local communities (Table 4). In South Africa a fixed percentage of the projects' revenues is dedicated to this. A fixed amount of the projects' dividends are also placed in trusts aimed at black economic empowerment programmes. In order to ensure that these funds are put to their best use, we contract external experts to distribute the contribution in compliance with the programme's principles. A dedicated community liaison officer manages the projects to ensure that the chosen initiatives are welcomed and needed by the communities.

The most important contributions to socio-economic development in Rwanda come from the land lease. Our solar plant in Rwanda is located on land belonging to the Agahozo-Shalom Youth Village (ASYV), from which the project took its name. This is a residential and educational community for young people orphaned during and after the genocide in 1994, and the land lease revenues support the funding of this youth village. The total financial contribution from the South African projects is significant. For instance, we estimate that the total contribution from dividends and project revenues will amount to about NOK 1.2 billion in financial support to socio-economic development initiatives across our projects during their planned lifetimes.

#### ***Our ambitions and goals***

Scatec Solar has a target to grow its base of producing assets from 219 MW to gross 750 MW by the end of 2016, which would represent an increase of 530 MW. Currently, we have a pipeline of projects with a gross capacity of 660 MW in the MENA, Americas and Africa regions. We have set an ambition to increase access to renewable electricity generation capacity by 954 GWh by 2016.

We also have an aim of better quantifying the social and environmental impact of our projects. We will continue to develop our

TABLE 3: LOCAL JOB CREATION FROM OUR 2014 PROJECTS

PROJECT	JOB CREATION (DURING THE PEAK CONSTRUCTION PERIOD)	% LOCAL EMPLOYEES (CITIZENS)	NO. OF WORKERS WITH DOCUMENTED SKILL ENHANCEMENT
Linde	550	70	79 <sup>1)</sup>
Dreunberg	430	77	142 <sup>1)</sup>
ASYV	600	85	400 <sup>2)</sup>

(1) Workers certified.

(2) Workers with formalized documentation of experience.

experience of hiring of local labour when constructing new solar plants in 2015 and onwards. For example, during the construction phase of our plant in Jordan in 2015, we aim to hire entirely local labour, recruiting equally amongst local tribes.

## 2.2 Community dialogue and engagement

### *Our policy*

Our projects may impact local communities. Communication and engagement is therefore essential in order to minimise potential negative impacts and maintain good relations with interested parties. We will:

- Develop a formalised stakeholder and management 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. This will enable a two-way dialogue to ensure understanding and support for the project, and set the right expectations of how this will impact the communities
- Appoint a designated community liaison manager in our projects to ease understanding and communications between parties in the local communities
- Maintain an active dialogue during the project phases with local communities to ensure open and integrated communication
- Engage with communities on several levels, from national governments to project neighbours.

### *Our actions and results in 2014*

In 2014 we engaged with stakeholders in accordance with the expectations set out in the International Finance Corporation (IFC) performance standards. This includes stakeholder meetings where community members can raise questions and share their concerns in the planning and development phase of the projects.

In our most mature projects we have found that engaging closely with local communities contributes to local employee satisfaction and avoids social unrest and misunderstandings. Furthermore, planning well and starting this work early is imperative to success. A key factor in community engagement is good communication to be able to prepare and manage expectations in the local community. An example could be to ensure appropriate delivery times. For instance, making sure that the lorries bringing materials to the site avoid certain potentially hazardous times of the day such as when children go to school along otherwise quiet roads. Effective communication is also important in order to maintain a good dialogue with on-site employees by, for example, providing us with better tools to resolve cultural differences and misinterpretations.

Our close work with local communities has improved our ability to manage expectations in relation to local stakeholders including landowners, beneficiaries of the local development trust, local authorities, community leaders and charitable organisations.

Ensuring the collaboration and buy-in of the local municipal managers and community leaders is a key success factor in recruiting workers from the local communities. As a project developer and contractor, we face the challenge of being between governmental institutions on the one hand and the local communities on the other. Our ability to align these expectations is critical to success.

In South Africa, for instance, we have a dedicated community liaison manager who works to maintain a close relationship with our on-site employees and local communities. In Rwanda, due to the smaller size and complexity of the single project, we have a community liaison manager whose role is integrated with other managerial duties. Our community relations and engagement are of particular importance in South Africa due to the requirements regarding socio-economic development, including job creation and local employment. In some of our South African projects, we are committed to hiring 80 percent South African citizens, of which 50 percent should be black South Africans.

In 2014 a formal stakeholder analysis and stakeholder engagement process was developed for all of our projects, and all projects have a dedicated community/stakeholder manager.

### *Our ambitions and goals*

We have committed to learn from the positive experiences in South Africa and Rwanda, and for future projects we will designate a person with responsibility for community engagement. In 2015 this will be highly relevant as our project in Jordan will operate in a sensitive tribal environment. Consequently, we are committed to hiring a community liaison officer who will aid in recruiting 100 percent local employees from the different tribes during the construction phase of the project.

We also aim to develop a formalised stakeholder analysis and management plan as part of our projects' Environmental and Social Impact Management Plan, with regular updates in our future projects. These plans will, for example, include an overview of key stakeholders that will be affected by the project and detailed plans for how to engage with them. This goal is a result of the lessons learnt in South Africa and Rwanda and is in line with the IFC performance standard and the Equator Principles. We will also work to integrate community engagement and considerations systematically in the planning and development of our projects.

TABLE 4: CONTRIBUTION TO LOCAL DEVELOPMENT

PROJECT	FINANCIAL CONTRIBUTION	FOCUS FOR DEVELOPMENT INITIATIVES
Kalkbult	1% of project revenue	Health, Education Skills Enhancement, Economic Empowerment
Dreunberg	1.1% of project revenue	Health, Education Skills Enhancement, Economic Empowerment
Linde	1.1% of project revenue	Health, Education Skills Enhancement, Economic Empowerment
ASYV	100,000 USD per annum in land lease and 183,641 USD in land right premium (in 2014)	Funding of the Agahozo-Shalom Youth Village (ASYV)

### 3. BEING A TRUSTED BUSINESS PARTNER

#### 3.1 Environmental, social and governance (ESG) integration in project development

##### **Our policy**

The environmental, social and governance (ESG) impact of our projects is to a large extent determined during the project development phase. Proactive management of ESG issues in this phase is therefore essential to managing the impact and the success of the project. We will:

- Whenever feasible conduct environmental and social impact assessments wherever feasible, and additional ESG due diligence if significant matters are uncovered in initial impact assessments
- Conduct risk assessments of potential partners, operating countries and locations to limit governance-related risk such as breaching sanctions and engaging in bribery and corruption, criminal records and creditworthiness
- Develop all projects in accordance with the IFC performance standards and the Equator Principles
- Integrate ESG considerations in project development tools and processes
- Design systems and services to minimise the environmental impact, with an emphasis on protecting local biodiversity

##### **Our actions and results in 2014**

We collaborate with partners that also have high standards for the projects and their associated impacts. We have committed to operating in line with the Equator Principles in all our projects. The projects constructed in 2014 have all been categorised as “Category B” projects according to the Equator Principles. This means 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”. We also follow the IFC HSE performance standards, as a requirement for some projects and voluntarily for others, to ensure consistent standards across all our projects.

All the projects constructed in 2014 were developed in accordance with the IFC performance standards.

When searching and planning for new markets we have a systematic and in-depth process for site selection. This process includes an environmental impact assessment (EIA) and a social impact assessment (SIA) carried out by an accredited independent third party who develops the plans. These are then sent to the relevant government body for assessment and approval. This regulated process gives us insight into the potential impact on the environment and communities surrounding the site. We can then manage our impact through detailed planning, ensuring the avoidance of culturally and biologically sensitive areas. These assessments involve a range of external consultants and specialists, affected/interested parties, as well as various levels of government, to ensure integrity and completeness of the assessments.

Moreover, this work is often very comprehensive and involves many stakeholders over a prolonged period of time. For our projects constructed in 2014 – Linde, Dreunberg and ASYV – these assessments did not reveal any material negative impact in the environmental or social dimension.

##### **Our ambitions and goals**

We will work further to formalise ESG integration in the project development phase through incorporating ESG considerations into all stages of our operating model. We will, for instance, work to ensure a grievance mechanism for all our projects in line with the IFC’s social and environmental standards in all projects.

### 3.2 Health, safety, security and environment (HSSE) in projects

##### **Our policy**

Health, safety, security and environmental focus are key elements of Scatec Solar’s approach to operational excellence. HSSE is particularly emphasised through project execution. We take responsibility for HSSE, because we care about the people,



the environment and our Company. We define and communicate the health and safety standards to our employees and contractors. Please refer to our HSE policy for more information. We will:

- 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 line with applicable labour standards and fundamental human rights norms as described 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
- Ensure that our operations have a minimum environmental impact with a focus on protecting local biodiversity and using water responsibly

#### ***Our actions and results in 2014***

Health, safety and security are key priorities in the development, construction and maintenance of our projects and during transportation to and from the site. Scatec Solar takes responsibility, sets requirements and monitors performance of health, safety and security. The high unemployment rate in some of our operating countries, such as South Africa, where many on-site employees have their first job, leaves us with a particular responsibility for implementing a sound HSSE culture. We train and monitor risk management amongst our contractors. This has been particularly relevant in Rwanda where most contractors had very little exposure to HSSE culture previously. We trained our contractors to conduct safe work assessment and ensure basic standards, such as the use of hard hats and other personal protective equipment (PPE). For instance, we introduced procedures for safe working distances for potentially dangerous working activities such as the clearing of trees and the use of chainsaws.

Our efforts to create good worksites include a competitive wage level above the minimum, limits to long working hours and simple things such as ensuring access to clean drinking water. Furthermore, ensuring time for a food break is important. For instance, in the South African projects we served a hot meal to all the workers every day. Maintaining high standards and good working conditions is in our own interest. We have experienced that a good relationship with our on-site employees results in loyalty, higher productivity and reduced number of thefts from sites.

We have also taken a proactive approach to ensuring safe operation of machinery on our sites. During the construction phase of our Rwandan and South African projects, we introduced regular alcohol testing as a precautionary measure against potentially poor employee conduct. This ensured infrequent occurrences of employee intoxication and maintained productivity by avoiding potential lost man hours. An overview of fatal accidents and lost time injuries (LTI) is shown in the table below. These indicators are related to the operations conducted by our contractors. We choose to manage, monitor and report on these indicators since the health, safety and security on our sites are our responsibility, regardless of whether the solar parks are constructed by contractors.

TABLE 5: HSSE INDICATORS FOR OUR PROJECTS

PROJECT	FATAL ACCIDENTS	LOST TIME INJURIES (LTI) <sup>1)</sup>
Linde	-	-
Dreunberg	-	-
ASYV	-	1
Kalkbult	-	-

1) An occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more.

#### ***Our ambitions and goals***

All incidents can be prevented. We work continuously for zero harm to personnel, materials and the environment. We also aim to continue to set high HSSE standards in the countries where Scatec Solar operates. This includes, for instance, the introduction of alcohol testing on all relevant projects. We aim to continue to develop our approach for a common understanding of our expectations with regards to high levels of work ethics and quality on our sites. We also aim to improve the data on accidents, lost time injuries and other indicators in the area of HSSE.

### **3.3 Talent attraction and retention**

#### ***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. We will:

- Encourage a working environment guided by a culture based on our values
- Provide our people with opportunities to develop according to their personal aspiration and professional career opportunities
- Build a high performance working environment, recognising our peoples' achievements and rewarding them based on their results and good actions
- Ensure that each employee knows what is expected of him/her in his/her role
- Provide our people with direct feedback and guidance on their work and performance
- Provide equal opportunities and value diversity of people, opinions, and expertise regardless of race, colour, religion, sex, age, national origin or disability
- Provide a safe place to work, free from harassment
- Train and provide the necessary tools for our managers to be able to lead their people in the best possible way

#### ***Our actions and results in 2014***

Scatec Solar is characterised by enthusiastic and committed people who believe in the importance of our purpose. It can therefore sometimes be a challenge to ensure that a work-life balance is maintained. This is an area we are determined to address and resolve continuously, because we clearly recognise that a work-life balance is vital to long-term employee satisfaction and health.

Our human resources (HR) function is key to attracting and retaining talent. HR is a support function and its strategy is therefore in line with the business strategy. During 2014 HR focused on supporting leaders with business growth. In addition, HR has



commenced the creation of a core set of tools and processes, both to support leaders in attracting the right people and to empower these leaders in managing their people.

Every year, Scatec Solar develops a "People Development Plan" for each employee. This is the tool to be used for the bi-annual sit-down between the manager and an employee in order to assess each employee's responsibilities, performance and areas for development.

An overview of sickness, diversity and numbers of complaints for the headquarters in Norway, and the Company as a whole, is shown in Table 6.

TABLE 6: INDICATORS RELATED TO HEALTH AND WORKING ENVIRONMENT

	SICKNESS (%)	DIVERSITY (% WOMEN)	NO. OF COMPLAINTS
Head quarter (Norway)	3.0	28	-
Total company	3.3	24	-

#### ***Our ambitions and goals***

As we mature as a company, we aim to develop our approach to HR management further. This will include engaging employees

to provide feedback on possible improvements in the working environment, as well as working further to institutionalise the People Development Plan process.

We aim to be a preferred employer for good workers and the best talents. We will therefore make sure that we are a highly visible company marketing our positive social and environmental impact. Another ambition for 2015 is to increase the share of female employees at all levels in the organisation. In addition, we will continue the work of providing great working conditions and exciting personal challenges.

#### **3.4 Anti-corruption**

##### ***Our principles***

We depend on a sustainable business environment and set out to comply with our high standards of business ethics. The selection of, and cooperation with, business partners is of vital importance to obtain a non-corruptive business environment. We will:

- Take a zero-tolerance approach to bribery and corruption
- Strive to maintain high ethical standards
- Build a culture that values honesty, integrity and transparency, and ensure the same behaviour among our partners
- Reflect our own high standards of anti-corruption behaviour in the contracts with our partners
- Provide anti-corruption training for all employees

### ***Our actions and results in 2014***

We operate in several countries that, according to the Transparency International Corruption Perceptions Index, are exposed to high levels of corruption. We therefore conduct thorough assessments of the potential host country, region and partners before we decide to conduct our business. Additionally, we demonstrate a high level of awareness in relation to symptoms on this matter while conducting our business.

In 2014 we registered no complaints or incidents of corruption and therefore received no fines related to this. During the year, we started a process to develop further our code of conduct; this was performed to clarify better our expectations of each individual.

### ***Our ambitions and goals***

The work directed towards raising awareness of corruption and how to avoid this requires continuous efforts from our company. We aim to continue to report zero incidents of corruption. We hope to achieve this through ensuring awareness of our code of conduct, and the dilemmas and red flags to which we might be exposed. We also aim to provide integrity-related training to all our employees and incorporate this into the induction training for all new employees. One of the first initiatives related to this ambition is the scheduled integrity training for all employees in our project in Jordan. Another important ambition for our updated code of conduct is to include a clear description of how and where concerns from employees can be raised anonymously such as a whistleblower function. We have a goal of developing such a scheme in 2015.

### **3.5 Responsible procurement**

#### ***Our principles***

Our selection of suppliers and sub-contractors impact our social and environmental performance. We will:

- Choose our suppliers based on relevant sustainability criteria including transparency, HSSE standards and environmental performance
- Ensure that our 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 to our carbon footprint and choose suppliers that contribute positively to our climate impact
- Ensure that our solar systems can be reused, recycled or disposed of safely
- Avoid procuring solar modules that contain cadmium

### ***Our actions and results in 2014***

We believe that our responsibility extends beyond our own operations, and we acknowledge the substantial impact we have on society, and potentially also the environment, through our supply chain. We therefore engage in dialogue with our suppliers and sub-contractors and have implemented sustainability criteria in the procurement process to ensure a more viable supply chain. In particular, our dialogue and criteria have been focused on HSSE and labour rights. All our contracts contain details regarding HSSE standards and labour rights to ensure safe and fair working conditions. Labour rights stipulations, for instance, include established values for length of employment, pay levels and frequency, and notice periods to add security and predictability for employees. We have also provided information and support regarding the implementation of safe working assessments by our suppliers. In order to monitor compliance with our criteria and standards, both with regards to quality and sustainability, we conduct announced and unannounced supplier audits.

### ***Our ambitions and goals***

We will continue to integrate HSSE and labour rights further in the supplier and contractor selection process, into the supplier code of conduct, and into the contracts. We also aim to strengthen the extent to which our audits assess these factors.

Procurement is the part of our value chain that represents the most significant amount of greenhouse gas (GHG) emissions. The solar energy we produce positively contributes to reducing GHG emissions and in order to further strengthen this effect, we aim to limit the amount of GHG emissions in our supply chain. Most significantly we aim to take on a life-cycle perspective to our emissions. This involves enforcing clear requirements for the GHG emissions in the production of the solar panels, and ensuring good life expectancy and end-of-life disposal options.



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