

Transparency Act: Due diligence gap analysis

Background:

The Transparency Act is a Norwegian law that requires larger companies to report on the work they conduct to ensure compliance with fundamental human rights and decent working conditions in their organization, supply chain and with their business partners. The law enters into force on July 1, 2022, and provides the general public with the right to request information regarding a Company's due diligence assessments and activities.

Scope of work:

In early 2022, Scatec engaged a third party, Position Green, to conduct a gap analysis against the requirements of the OECD Guidelines for Multinational Enterprises. The purpose of the analysis was to identify any potential gaps to ensure compliance. The result of the gap analysis was a report summarizing key findings and recommendations.

Key findings and results:

Scatec's human rights due diligence processes are largely aligned with the requirements of the OECD Guidelines for Multinational Enterprises. The majority of the due diligence process meets the minimum requirements of the Transparency Law.

Most of the Company's systems are either good enough or require small adjustments to be good enough for compliance. Therefore, many of the recommendations for improvement relate to best practice, rather than to compliance.

Assessment area	Status
Policy	Compliant
Risk	Small adjustments required
Value chain	Small adjustments required
Management	Small adjustments required
Communication	Small adjustments required
Grievance mechanism	Compliant
Industrial relations	Compliant
Internal labour rights	Compliant
Working conditions	Compliant

Key recommendations:

In order to comply with the law, Position Green Advisory recommends prioritising three actions:

1. Conduct a saliency assessment which prioritises the most significant human rights risks and impacts for action, based on severity and likelihood. This will meet the requirements within the OECD Guidelines for Due Diligence on identifying and assessing actual and adverse impacts.
2. Integrate the cause, contribute to and directly linked to framework into its approach to stopping, ceasing and mitigating adverse impacts on human rights.
3. Develop KPIs that allow Scatec to track its effectiveness of its human rights management.

Scatec is currently working to implement the three key recommendations above.

Scatec should also ensure it prepares a statement in line with the law prior to the reporting period ending, which is June 2023.

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