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|  | Sustainability | | |
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Environmental Policy

1.1 Introduction

Scatec develops, builds, operates, and owns renewable power plants that generate clean and reliable electricity. Our renewable power plants contribute to cutting and avoiding greenhouse gas emissions from electricity production; however, the construction and operation of these plants can have potential negative environmental impacts. We acknowledge that nature is facing [multiple crises](#) including the climate and biodiversity crises and that as a responsible business we must consider and act to address these challenges.

This policy is a high-level statement of our environmental commitments and how we systematically work to reduce potential negative impacts whilst maximizing positive impacts.

1.2 Scope and applicability

This policy is part of Scatec's Environmental and Social Management System (ESMS) and it is applicable to all Scatec employees and projects and should be communicated to all business partners. It includes our environmental standards as described below:

1.3 Minimum standards for our projects

- We are committed to developing all our projects in accordance with the Equator Principles and IFC Performance Standards, with [PS1](#), [PS3](#) and [PS6](#) being particularly applicable for this policy.
- We follow the precautionary principle and carry out studies such as Environmental and Social Impact Assessments (ESIA) for all projects. These may include assessing direct, indirect and [cumulative impacts](#) where relevant, to identify potential risks and mitigation measures before development.
- All the power plants we manage have an Environmental & Social Management System ([ESMS](#)) in accordance with [ISO14001:2015](#) which includes an environmental risk register and, if appropriate, an emergency plan.
- Each site has a designated resource responsible for maintaining the ESMS and ensuring its implementation.
- We measure and [publicly report](#) our environmental impacts and progress towards our targets on at least an annual basis.
- We take a [science-based approach](#) to environmental monitoring and target setting and continuously strive to improve our performance as new knowledge and practices become available.
- We will train our employees on environment to ensure they understand our policies and the most relevant issues.



1.4 Climate change and energy

- We are committed to reducing our direct and indirect greenhouse gas emissions in line with what is required to limit global heating to under [1.5 degrees](#) and achieving net zero emissions before 2040.
- We systematically seek to reduce our direct greenhouse gas emissions and aim for zero fossil fuel use on our operational sites by 2030.
- We work with our suppliers to ensure that they are working to understand and reduce their greenhouse gas emissions as described in our Procurement Policy and Partner Conduct Principles.
- We monitor our climate risk exposure, carry out regular [scenario analysis](#) and mitigate risks identified.

1.5 Biodiversity

- We will not develop projects in areas where a threat to critically endangered species cannot be mitigated.
- We follow the [mitigation hierarchy](#) and aim to achieve net gain for [critical habitat](#) and no net loss in natural habitat in all our projects.
- Where we are not able to sufficiently mitigate impacts, we implement additional biodiversity offsets of a high quality to compensate for potential biodiversity losses.
- We will not develop projects that negatively impact [Intact Forest Landscapes \(IFL\)](#).
- We aim to avoid developing projects in forested areas. If we develop projects in areas where there are direct impacts upon forests, we will implement relevant measures as described in our environmental and social management system to minimize impacts following the mitigation hierarchy.
- We restore sites at end of life to ensure a comparable or better ecosystem state than before development.

1.6 Waste and resource management

- We follow the [waste hierarchy](#) for waste management; we work to first prevent waste being generated, then minimize, reuse, recycle, recover energy, and then dispose of waste responsibly while seeking to avoid landfill as far as practically possible.
- We develop plans for hazardous substance and waste management for construction and operations.
- We take a circular, cradle to cradle approach, and every project will develop a plan for end of life and decommissioning.
- At end of life, we will make sure that all major components such as solar panels or turbine blades are reused or recycled.

1.7 Water

- We optimize usage of water during operations such as solar panel cleaning to minimize water use with a focus on limiting water use in areas with [high water stress](#).
- We avoid impacting natural aquifers or developing near wetland areas where possible.
- Our hydropower assets ensure Environmental Flows whenever safe in order to sustain and avoid deterioration in biodiversity values in the watershed following [IFC guidelines](#).
- We build our facilities as zero effluent facilities to ensure that untreated wastewater is not discharged to the local environment.



2 Ensuring compliance with the environmental policy

- Non-conformities with the environmental policy should be reported by employees through our internal Quality, Health, Security, Safety and Environment reporting system or by members of the public through our [grievance mechanism](#).
- We carry out regular internal audits to ensure continued compliance with our environmental policy in addition to external audits for ISO14001, GRI sustainability reporting and audits by project lenders and other key stakeholders.
- We annually review, and when necessary, update the policy to reflect our current approach and industry best practices.

3 Related management documents:

- [Code of Conduct](#)
- [Sustainability Policy](#)
- Procurement Policy
- [HSSE Policy](#)
- [Partner Conduct Principles](#)
- Site environmental management system template
- ESMS manual
- Project lifecycle management and end of life guide
- Topic specific guidance & procedures (waste, water, ecological management plans etc.)

Terje Pilskog, CEO