



# Transparency Act Statement 2023

Scatec ASA





# 1. Introduction and background

Scatec is a leading renewable energy provider, accelerating access to reliable and affordable clean energy in emerging markets. We develop, build, own and operate renewable energy plants, with 4.2 GW in operation and under construction across four continents at year end 2023. Additionally, Scatec started construction for 0.3 GW in the first quarter 2024.

Sustainability is a fundamental part of our organisation, rooted in all our business units and integrated across our value chain. We have dedicated sustainability resources, both at the project and corporate level, involved in all power project phases for long term approach and impact.

Scatec is committed to operating in line with the [Equator Principles](#) and [IFC's Environmental and Social Performance Standards](#) to ensure consistent practices across all projects. Our work is also guided by the [OECD Guidelines for Multinational Enterprises](#). We work with trusted partners such as the IFC, Norfund, KLP and several larger development banks who all have high standards for renewable energy projects and their associated impacts. Scatec's Environmental and Social Management System (ESMS) provides a framework to identify, assess and manage the company's environmental and social risks throughout the project lifecycle and value chain. The ESMS is aligned with international best practice, such as the IFC ESMS Implementation Handbook, [ISO](#) standards, among others.

In this Transparency Act Statement we detail how we, across our global operations and value chain activities, embed our commitment to respect human rights and provide decent working conditions in line with the objectives of the [UN Guiding Principles on Business and Human Rights](#) (UNGP) and the [Norwegian Transparency Act](#).



## 2. Scatec's management of human rights

### 2.1. Governance

The Board of Directors is responsible for ensuring that Scatec conducts its business using sound corporate governance. Scatec's values constitute a key premise for our corporate governance, namely: predictability, driving results, being changemakers and working together. These values aim to characterise our behaviour and form the basis for the Company's ethical guidelines. Compliance with national, regional and international laws and regulations is mandatory in all Scatec activities. However, business ethics extend beyond simple compliance.

Our key governing documents are listed and briefly described below:

- a. Our Code of Conduct sets out the essential requirements for ethical business conduct in Scatec, applicable to all Scatec employees, hired consultants and directors, including our subsidiaries, joint ventures and affiliates.
- b. Our Human Rights Policy confirms Scatec's responsibility to respect human rights applies to our business enterprises wherever we operate and pay special attention to the human rights risks associated with certain groups, such as indigenous people, minorities, women, children, migrant workers and other vulnerable groups.
- c. Our Integrity Due Diligence (IDD) Procedure requires Scatec to assesses potential business partners to confirm commercial competence and corporate integrity, and to review a business partner's ability to meet our standards and values.
- d. Our Partner Conduct Principles set out Scatec's values and selected rules and expectations for our business partners, service providers and suppliers.
- e. Scatec's Human Resources Policy guides the effective, efficient, and engaging management of people or human resources within the company internationally. We do not allow any kind of forced labour or utilise any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty.

Our policies and procedures (available on our [corporate website](#)) were reviewed and updated to reflect what constitutes human rights and labour violations, as well as the classification of such violations.

**Scatec's Sustainability, Supply Chain and Compliance business units collaborate and are responsible for:**

- assessing human rights risks
- screening our projects and value chain partners
- conducting due diligence and implementing mitigating actions
- reporting externally on human rights

## 2.2. Salient risks

As a multi-faceted renewable energy provider, Scatec faces varying human rights-related issues in relation to its solar, hydropower, and wind operations as well as within the respective value chains. Scatec and Position Green undertook an in-depth saliency assessment comprising of the following main steps taken: identification, prioritisation and finalisation of the list of salient issues.

Human rights risks were identified across 25 specific operational and value chain areas, and categorised according to severity (considering scale, scope and remediability) and likelihood. Thereafter, salient human rights risks were mapped according to Scatec's main operational portfolios of solar, wind and hydropower within each operational and value chain geography. Lastly, current management controls were assessed against each salient risk to identify improvement areas in management practices.

The table below summarises the salient risks identified. Risks are material due to their potential impact, relevance and strength of current management controls implemented.

Salient risks	Main impact
Indigenous peoples' rights	Operations and supply chain
Displacement / Loss of livelihood	Operations
Forced, compulsory and child labour	Operations and supply chain
High-risk raw materials	Operations and supply chain
Access to water	Operations
Right to a healthy environment	Operations
Protection of human rights defenders	Operations
Abuse of force – security	Operations
Health and safety	Operations and supply chain
Freedom of association and collective bargaining	Operations and supply chain

## 2.3. Due diligence

Scatec can be connected to human rights impacts on our own employees, workers in the supply chain, and local communities affected by our business and supply chain. This connection to risks and impacts can happen mainly through these paths:

- a. Directly through our operations.
- b. Through suppliers and their sub-suppliers.
- c. Through partnerships, where we do not have operational control.
- d. Together with partners, in joint ventures or other forms of shared responsibility for projects.

In all the areas listed above, we have established due diligence processes to assess risks and impacts on human rights.

### Due diligence in our solar, wind and hydro projects

1. We follow standardised processes in all our projects to identify, mitigate and monitor our environmental and social (E&S) risks and impacts including human rights under the [IFC Performance Standards](#) framework.
2. We conduct human rights due diligence as part of our overall E&S due diligence process. Project risk registers, Environmental and Social Impact Assessments (ESIA), Environmental and Social Due Diligences (ESDD), Environmental and Social Action Plans (ESAP), Environmental and Social Management Plans (ESMP) all contains human rights aspects.
3. When initial assessments point to potential human rights risks, focused human rights impact assessments are conducted to gather deeper understanding of the risks the development of project can trigger and mitigation measures.



## Due diligence in our supply chain

1. All new third parties, hereunder business partners, suppliers and corporate customers must undergo appropriate Integrity Due Diligence (IDD) in accordance with the IDD Procedure.
2. The IDD requirements for third parties are risk-based and determined by the risk of the country, the scope of work, and the annual value of the contract.
  - a. Our IDD Questionnaire was revised and strengthened in 2023 to require more information from third-parties on human rights due diligence within their own organisations.
  - b. Our IDD Tracker was updated with the risk categories for human and labour rights. This provides Scatec with an overview of the country, sector, third-party type, and human or labour rights risk categories of our third-parties for reporting purposes.
3. No relationship with a third party may be established without appropriate assessments of the business relationship, and no contract shall be entered into without adequate undertakings covering governance, social (including human rights) and compliance matters.
4. All third party relationships shall undergo sufficient monitoring.
5. An Enhanced Due Diligence (EDD) process is followed when there is a high risk of human rights violations identified in a potential business partner's operations or supply chain. The EDD process includes a public records review, reputational review and potential red flags review conducted by a third party.
6. Scatec systematically avoids engagement with companies that contribute to serious or systematic human rights violations such as torture, cruel or inhuman treatment, deprivation of liberty, forced or compulsory labour, and other serious violations of international humanitarian law.







### 3. Human rights work in 2023

Further to Scatec’s salient human rights risks, we present examples below of our work related to human rights issues in 2023.

#### 3.1. Displacement and loss of livelihood

Land acquisition for our projects may negatively impact people that depend on this land. If any physical (loss of shelters) and/or economic displacement (loss of assets/income sources) cannot be avoided by considering alternatives and site optimisation, the resettlement process has to be properly managed to protect human rights of affected people and avoid any long-term hardship and impoverishment. Scatec adheres to IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement, which guides planning and implementation of a broad range of mitigation measures such as fair compensation and living conditions improvement, with active engagement of the affected people during the process.

During 2022, physical resettlement was completed at two of our projects in the construction phase. Early E&S studies in 2021 pointed to the need for resettlement actions for the two planned projects and Scatec started the formal processes aligned to regulations and international best practice. Continued work was underway during 2023 that included monitoring of the physical structures and quality of living, and use of allowances for assisting income generation.



## Mendubim project (531 MW) under construction, Brazil

### Scatec completed the resettlement actions of 2 households.

- Resettlement actions covered 2 households and assistance was provided according to the needs of each affected household to improve or restore their livelihood.
- A detailed socio-economic diagnosis of each household was made identifying their current livelihood, relationship with the respective land as well as their aspirations and interests.
- Household 1
  - The family had no relation with agricultural activities and their interests were focused on job and study opportunities available in the city of Assu.
  - Alternative housing options were presented in Q1 2022 and was secured in Q3 2022 based on the decision made by the family with immediate move-in.
  - The family leader is currently working on the Scatec Mendubim project as technical staff member of the electromechanical subcontractor.
- Household 2
  - The socio-economic diagnosis identified a strong relationship with the land and farming activities.
  - The process required an extensive search for a house and land that would allowing the family to maintain their livelihood.
  - Options were presented in Q1 2022 of which a 30 ha plot of land, including a full house renovation, was provided prior to occupation in Q4 2022.





### Sukkur project (150 MW) under construction, Pakistan

The highlights of the physical resettlement process that was successfully completed in Pakistan are as follows:

- The process involving 81 households was planned and implemented in full alignment with the principle of informed consultation and participation, and achieved improved living conditions for the affected households.
- To start the process, a survey was carried out to collect socio-economic baseline data and identify the affected households who will be eligible for compensation and assistance
  - Since affected households comprised members of different tribes, detailed consultations were held with each tribe separately.
  - Approvals for the resettlement approaches and entitlements were attained afterwards at household level, and specifically from the female household members.
  - For each household, tailored resettlement plans were developed and implemented under close support and monitoring.
- A functional grievance mechanism supported this process by receiving and addressing all concerns in a timely manner.
- In order to proactively address inequalities and empower women, who are identified as a key vulnerable group in our human rights assessment, a Gender Action Plan (GAP) was developed for the project in partnership with UN Women. The plan addressed gender aspects of both the resettlement process and project's construction and operation activities in a comprehensive and coherent manner and presented management measures, including a wide range of initiatives:
  - equal ownership rights to replacement land of men and women;
  - special allowances to women head of households for income generation activities; and
  - training programmes for Scatec and contractor employees to address gender-based violence and harassment.
- Following completion of the resettlement process, the third party experts engaged by the project financiers confirmed achievement of Broad Community Support per IFC's Sustainability Policy<sup>1</sup> early 2023 which was based on interviews with affected households and communities neighbouring the project site.

<sup>1</sup>The policy states the projects with potentially significant, adverse impacts must have "broad community support" in order to receive IFC financing.

## 3.2. Forced, compulsory and child labour

Scatec continued to collaborate with key stakeholders to address the alleged forced labour issues in the solar PV production industry in Xinjiang, China.

### Transparency in solar module supply chains

There are industry-wide risks and human rights challenges associated with the solar supply chain. Scatec is proactively working with the industry and suppliers, such as [SolarPower Europe](#) among others, to further develop and broaden the supply chain, implement strong processes to mitigate and address those risks and industry-wide challenges. Scatec implemented processes to manage the risks and systematically conducts risk assessments including human rights aspects in all our projects.

We strengthened our supplier qualification procedure in 2021 with a phased approach to qualifying a supplier and in 2023 we have now implemented this as standard practice for module procurement.

1. Conduct a desktop traceability audit/assessment on all shortlisted suppliers to determine their ability to map and document the origin of their supplies.
2. Upon signing a contract, to ensure that the components are not sourced by entities associated with forced labour, potential suppliers are obliged to be evaluated by an expert third-party, such as the [Clean Energy Associates \(CEA\)](#), on the supplier's ability to trace the origin of solar module components. This is being done through document audits, and where possible, through physical assessments of production facilities. This is then compiled in a Chain of Custody audit report.
3. We require solar module suppliers to provide a complete list of sub-suppliers which we independently vet.

In 2023, we have concluded module procurement on our Mendubim, Sukkur and Kenhardt projects and this was the first opportunity conclude on the post-production Chain of Custody Audits. All project audits had no adverse findings.

The risk of forced labour is an industry issue and Scatec regularly collaborates with our peers to understand their approach, evolve best practice and create collective pressure on supply chains to ensure compliance. However, managing this risk is complicated by current geopolitics. China strenuously denies the use of forced labour in Xinjiang and is reported to prohibit Chinese companies from cooperating with foreign audits on labour rights. Scatec participates in and actively supports industry and government collaboration to increase long-term solutions, including the development of alternative supply chains outside of regions with high human rights risks.

For further information on the measures implemented and actions taken by Scatec related to our solar module suppliers, refer to the 'Transparency Act' section our [corporate website](#).

### 3.3. Labour and working conditions of contractors' employees

Scatec specifically focuses on monitoring our contractors to ensure that compliant labour practices are established and maintained in all projects. In line with its own commitment, Scatec requires all contractors to comply with IFC Performance Standard 2: Labor and Working Conditions, in addition to local law and regulations, and these standards are requested to be cascaded down to subcontractors with contractual arrangements. As part of periodic inspections and audits, we monitor working conditions, recruitment practices, welfare services and efficient grievance mechanisms on a regular basis.

In 2023, our efforts continued globally to ensure compliant labour practices. In Pakistan, our contractors were regularly monitored with respect to working conditions, executed through six audits and six inspections. Several cases linked to labour law compliance, welfare facilities and worker accommodation were identified and investigated aligned to Scatec's corporate procedures. All cases were followed closely and proactively until they were closed.

At our operational plants in Egypt, the security contractor was requested to adjust their workers' salaries in proportion to inflation increase, and medical insurance coverage was improved in accordance with local labour law provisions. In addition to regular inspection and audits, a third party worker satisfaction survey was conducted by [WorkAhead](#) in November 2023. The survey included workers from multiple companies operating in the broader Benban Solar Park and indicated that more than 81% of workers "feel safe at work" and more than 78% "feel their work is appreciated".

### 3.4. Gender-based violence and harassment (GBVH) awareness and prevention

In 2023, we worked to strengthen our response to GBVH at both project and local community-level. In addition to corporate human resources policies, we introduced site-specific anti-sexual harassment policies in several locations, including at our Mendubim site in Brazil. We have adopted Gender Action Plans and GBVH plans in Pakistan, Botswana, and South Africa. These management plans aim to prevent, address, and manage instances of GBVH, identify potential risks and vulnerabilities within the project, develop action steps and response protocols, and capacity-building initiatives to address GBVH risks.

We collaborate with relevant stakeholders, community representatives and GBVH projects in order to strengthen local initiatives.

Potential risk factors associated with Scatec's operations<sup>2</sup> include the introduction of a significant male workforce and influx of male workers, utilisation of temporary, informal, or migrant workers (who are disconnected from their usual support systems), deployment of security personnel (potential for misuse of power), remote worksites, and lack of awareness and training.

To address these risks, we take preventative measures at the organisational, project, and community levels, including leadership and company culture, reviewing corporate policies and procedures, recruitment, and staff training.

We established support services and are working to strengthen reporting protocols and investigation procedures, in addition to our existing grievance mechanism. We conducted awareness campaigns on sites and in communities in Pakistan and Brazil and aim to do the same in South Africa in 2024.

We work closely with contractors and suppliers to ensure that the entire workforce on site completes the same trainings. We are currently examining potential for improving physical design (incl. lighting and restrooms) to increase safety, as well as immediate support options.

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<sup>2</sup>These potential risks come in addition to key location-specific risks, which include high gender inequality in several of the countries in which we operate, strong gender stereotypes, high levels of partner violence, weak or lack of legislation, and high poverty and discrimination.

## 4. Scatec's focus on human rights in 2024

Our human rights work continues based on the outcomes of the saliency assessment conducted in 2023 linked to the “cause, contribute, linkage” framework. This includes key actions taken based on impacts identified with reference to forced and compulsory labour within the value chain; displacement and resettlement within our own operations; and labour and working conditions of our contractors' employees. We are tracking and assessing the effectiveness of our actions and will continue to report on performance in our annual external reporting.

In the short term, we will improve human rights related stakeholder engagement to better understand impacts and actions. Further, we will introduce measures to address gender-based violence and harassment in all new projects.

In the medium term, Scatec will further establish our human rights performance framework including setting meaningful targets on corporate level to track due diligence performance.





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