

Factual update of Scatec's Project in Choluteca, Honduras

Scatec together with Norfund, acquired the Los Prados Solar Project, a group of five solar photovoltaic parks in Honduras, at the end of the year 2015; the first phase of the project started operation towards the end of 2018.

Since our latest public statement on this matter last year, the company has made continuous efforts to engage in dialogue and find constructive and lasting solutions together with the local communities surrounding the Los Prados plant. Scatec finds it valuable to share these documented efforts with the public.

The initial stakeholder dialogue and approval of photovoltaic solar projects in the municipality of Namasigüe was carried out through an Open Town Hall Meeting on April 10th, 2014, by the previous developer. Scatec carried out several meetings with community members since 2016 and according to surveys for local employment conducted in 2017 prior to the start of construction, most of the communities' inhabitants were supportive to the project.

In 2017, after facing a series of episodes of violence conducted against construction workers, by a small group of those opposing the project; the company presented cases to the local police and they were heard by a local judge, resulting in investigation and measure for the defendants including monthly appearances in court and the prohibition to leave the country. In respecting local law, the only legal way to close these cases is through voluntary and free conciliation.

By meeting with defendants and their lawyers, the company has reconciled with twelve defendants. While the local court has issued definitive liberty letters for seven persons in September 2020, the pending five are waiting on the local justice system process to obtain their letters. There are still ten cases in court with no conciliation agreement; the company has actively worked to conciliate these cases in the same free and voluntary manner as the others. The company has presented the defendants' lawyers with a conciliation agreement that is free from any conditions for the defendants and the company, with the sole purpose of closing these court cases.

In the same manner, in May 2020, after fulfilling all the acquired commitments with the community of Prados 1, regarding socialization and employment agreements, the company communicated to Prados 1 that there would be no development by our company of any type of project on the leased land in front of the community of Prados 1. The lease contract has since ended and as such the company has no connection to the land. Any future use of that land lies with the original property owners.



In environmental matters, the project continues to work to mitigate any negative effects, according to international best practice measures, including reforestation to offset the impact of vegetation clearing that was necessary during construction. In December 2020, following a four-year Reforestation Program, the final certificates indicating the Los Prados Solar Project has complied with its legal reforestation obligations were issued by the Forestry Institute. Likewise, since the design phase of the project, measures were put in place to ensure creeks that occur in the rainy season were not affected, the seasonal water course continues running through the middle section of the parks allowing for the waterways not to be affected. There are no natural springs on the property where the solar parks are installed, and the seasonal water courses are not a source of drinking water for the neighboring communities.

Scatec's most important tool to understand the local communities' perception of us is to engage in direct, transparent, and continuous dialogue. We facilitate for this by having a community house with an open-door policy, a grievance mechanism allowing concerns and complaints to reach us in a direct manner and be managed as well as town-hall consultation meetings with community members where the same information is shared to everyone, and questions and queries can be shared directly to us.

Over the past six years, the project has invested over half a million US dollars in community development programs and plans to continue such investments in the communities neighboring our operations. We aim to continue our direct and transparent engagement and contribute to the sustainable development of these communities in line with local needs and a long-term perspective on our investments.