

To: Business and Human Rights Business Center

Subject: Scatec's updates on Los Prados Project

October 2023

Los Prados Project

Scatec acquired the Los Prados Solar Project, a group of solar photovoltaic parks in Honduras, at the end of 2015. Three of the parks started operations in 2018, delivering clean energy to the Honduran grid for five years.

Human rights claims were made prior to construction with regards to water and land usage

Before the start of construction of the parks in 2017, a small group of people protested violently against the project. These episodes resulted in the company presenting cases to the local police; these cases were later heard by a local judge. To close these cases, conciliation agreements have been signed with over half of the defendants, and a conciliation agreement free of any conditions has been presented to those who have not conciliated.

The project encountered concerns regarding potential adverse effects on local water sources and community health. To address these concerns, comprehensive information sessions were conducted to clarify the project's scope and its actual impact on the community. It's important to emphasize that the solar project has been designed and executed with great care to ensure no adverse effects on individuals' health or community water sources. The seasonal water courses that run through the land where the parks are installed have been respected since the design phase of the project and in accordance with the initial environmental assessment executed. The land where the parks are installed was previously used for agricultural activities by the private landowner, and as such, did not have extensive areas of tree coverage. However, some vegetation suppression was needed to install the project and compensated through reforestation actions, having already obtained the certifications from the National Forestry Institute.

Community concerns have been assessed and monitored through the past 12 months

Reforestation

Since 2016, the solar parks began carrying out a Reforestation Plan to compensate for the trees to be cut for the installation of the parks. Reforestation of the 2 hectares in the south part of the land being leased for the solar parks occurred in 2016, with native species.

In 2019, a second area of 2 hectares was reforested in the northern part of the parks. To date, over 4300 trees in these areas have been certified by the forestry institute, having fulfilled the compensation requirements. For these reforestation activities eight local workers were hired for planting, and local workers are hired to carry out maintenance activities.



South Area Reforestation

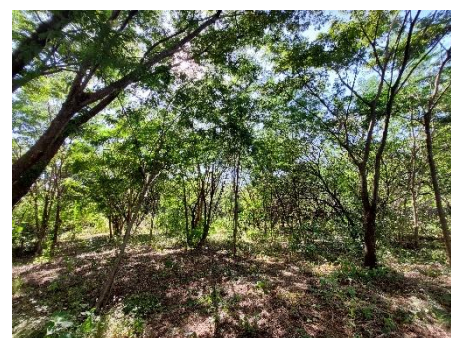


North Area Reforestation

Additionally, the project has participated in community reforestation campaigns with 10,000 fruit trees planted in our neighboring communities. In 2023, 1,000 fruit trees were donated to be planted in different areas of the basin in Namasigüe.



Fruit trees planted



Reforestation

Constant dialogue is carried out with local communities aiming at hearing complaints and assess concerns through community investments

With regards to local stakeholders, continuous dialogue with our communities has been the basis of our local stakeholder engagement. This transparent dialogue has been achieved through open meetings with communities, where information is shared, and questions are addressed. In the past year, two such meetings have taken place.

In December 2022, an end of the year meeting was held with 18 representatives of the communities of Ranchería, El Obraje and Brisas del Porvenir. Invitations for these meetings were delivered to the community boards and water boards. During these meetings, a summary of the community projects executed during the year was given, as well as a reminder of our existing grievance mechanism. In February 2023, a community meeting was held in Ranchería to discuss community investment projects and local employment. Over 150 people from the community participated, after being invited by the local community board.



Ranchería meeting

Additional to these meetings, for the planning of our community investment projects monthly meetings are held regularly with community boards and other community leaders such as parents' associations and water boards.

Los Prados Solar Project has continued its community investment programmes directed at contributing to the development of the communities neighbouring our operations. The social investment projects for the past years have included community PV projects for local water systems, as well as electrification and support for local schools. These community investments are carried out in close coordination with community members, having continuous meetings to decide and define local priorities and coordinate the scope of the interventions. In the same manner, the project's grievance mechanism has allowed concerns and complaints to be managed directly.

Our existing policies support Human Rights and continuous trainings are made so to ensure best practices amongst our employees

Scatec has a series of policies and governing documents, that include a Human Rights Policy, Sustainability Policy, Environmental Policy, Diversity, Equity, Inclusion and Belonging Policy and HSE Policy. Company staff have undergone internal Human Rights training, as well as training regarding our Code of Conduct, which includes our commitment to protecting our environment, respecting human rights, engaging with, and investing in communities. Locally, Los Prados staff have also participated in several Human Rights trainings organized by local NGOs, the National University and Business Councils.

Scatec reiterates its commitment to conducting our business in a manner that respects human rights.