



Engagement Case Study | 2022

Scatec (SCATC)



www.ecofininvest.com

Engagement at **Scatec (SCATC)**



Company Description

Scatec ASA, together with its subsidiaries, operates as a renewable power producer worldwide. The company operates through Power Production; Services; and Development and Construction segments. It develops, builds, owns, and operates solar, wind, and hydro power plants and storage solutions. The company is also involved in the engineering, procurement, construction, operation, maintenance, and asset management of power plants. It has a total of 15 GW in operation and under construction. The company was formerly known as Scatec Solar ASA and changed its name to Scatec ASA in November 2020. Scatec ASA was incorporated in 2007 and is headquartered in Oslo, Norway.

Engagement Issue

Ecofin has become increasingly attentive to improper labour practices and supply chain management with special attention to forced labour issues in China.

Engagement Objective

We desire to understand the risk mitigation Scatec employs in working with suppliers and the industry at large on alternative polysilicon sourcing. Ecofin encourages Scatec to engage consultants to ensure traceability within their supply chain and adequate labour practices.

Scope and Process

In addition to continuing the strong historical relationship between Ecofin and Scatec, we sent emails detailing our concerns. We also discussed at length with Scatec's CEO and CFO the complexity of the company and the disconnect regarding investors and sell-side analysts' understanding of the company and the need for better disclosure.

Outcome

Management was very receptive to taking our recommendations on Board. Since we engaged with Scatec, the company started to provide full year EBITDA guidance for the first time in 2022. Additionally, Scatec has since highlighted human and labour rights issues within their most recent sustainability report. This includes key risks, background on labour issues, how Scatec is mitigating their risk to forced labour, and the status of their progress. They have also updated their contracts to include specific topics related to forced labour issues. They are working with specialist consultants on a broader strategy to ensure traceability in the downstream supply chain and with suppliers on alternative sourcing of polysilicon.

Important disclosures



This document is being issued by Ecofin Advisors Limited (Ecofin UK) which is regulated by the FCA and registered with the SEC.

This document does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase, any shares in any fund managed by Ecofin UK. The information contained in this document is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this document or their accuracy or completeness. Ecofin UK believes that the source of the information included in this document is reliable. However, no representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information contained in this document by Ecofin UK and no liability is accepted by Ecofin UK for the accuracy or completeness of any such information. This information is provided for discussion and informational purposes only.

All investing involves risk. Principal loss is possible. The risks of investing vary depending on an investor's particular situation.

Nothing contained in this communication constitutes tax, legal or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation and should carefully read specific fund documentation for particular situations.