

skarta



**Environmental Policy**

06/06/2023

skarta

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## Scope and Purpose of the Policy

The purpose of this policy is to outline the overall intentions and direction of how the company will relate to our effect and impact on the environment, including:

- our contribution to, and response to risks associated with Climate Change as well as energy production and use
- our impact on waters, avoiding risk of water pollution and evaluating the risks related to the possible water surface level changes on project areas
- our impacts on natural resources and biodiversity.

All decisions and actions taken by the organization must be consistent with and designed to accomplish the commitments made in the policy.

In complying with this policy, Skarta Energy will also ensure compliance with all necessary legal and regulatory requirements by monitoring applicable legislation and regulation and putting actions in place to comply with these requirements.

# Climate Change and Energy Policy

## 1. Aim and objectives

The overall aim of this policy is to provide guidance on:

- how to undertake energy and GHG emissions management to reduce our contribution to climate change and how to ensure operations adapt to the impacts of climate change through specific management activities and actions
- how to report on performance, set targets and manage risks.

To achieve the above aim, some key issues have been identified as being material to Skarta Energy's sustainability and will be the focal point of this policy and of supporting policies and plans. These material matters include:

- Energy Management
- GHG Emissions
- Air Quality
- Climate Related Risk Assessment

## 2. Achieving the aims and objectives

Our objectives will be achieved through embedding our policy commitments throughout our activities and business relationships. We will also achieve our objectives through the following key focus areas:

- Measuring our current GHG footprint, including any material GHG emissions associated with our activities. Skarta Energy further aims to track and report on our emissions to help expedite emission reduction efforts in line with global targets and can further help us manage risks and opportunities. We will also monitor and manage any regulatory risks, environmental compliance, and reputational risks and opportunities, as they are related to direct GHG emissions.
- Measuring our current energy footprint, including the current renewable energy and non-renewable energy mix associated with our business activities. It also entails measuring environmental impacts associated with energy consumption. This includes management of energy efficiency and intensity, energy mix, as well as grid reliance and ensuring the use of energy efficient technologies to improve on our energy footprint.
- Measuring any releases of gases or particles that may have a negative effect on air quality and may lead to air pollution. It further entails measurement and management of air quality impacts resulting from industrial emissions related to the production and the delivery of the solar power plant components, heating and electricity of office spaces and travelling related to the business. Skarta Energy further aims to implement measures that will minimise the release of air pollutants into the atmosphere.
- Using climate projections for climate risk assessment and adapts our solutions to temperature-, wind- and solid mass-related climate hazards.

### 3. Reporting and Target Setting

To track our impact, Reporting is done against a number of key metrics, guidelines and indicators. This enables us to fully understand our current impact and put into place specific actions to improve our impact.

- Emission intensity scope 1, 2 and 3 combined (denominator revenue)
- Total direct energy consumption in scope 1 (fuel)
- Total energy consumption (scope 1 and scope 2) within the organization
- Total energy consumption (scope 1 and scope 2) within the organization (renewable)
- Total renewable energy production
- Target(s) to reduce greenhouse emission impact
- Targets addressing energy consumption
- Existing initiatives in place to reduce energy consumption
- Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term
- Describe the organization's processes for identifying and assessing climate-related risks
- Describe the organization's processes for managing climate-related risks.

Together with this, Skarta Energy will annually review our performance on ESG-related KPI's and set annual targets to help improve their ESG performance. This will be supported by Skarta Energy's Sustainability strategy and functional leadership who will integrate strategies into our operational procedures and activities to improve on performance, including training and awareness promotion activities.

### 4. Risk Management

Skarta Energy will, on a periodic basis, identify and monitor the key ESG Risks and document them. We will also develop responses to these risks to make sure they are sufficiently mitigated and integrated into the business activities. Lastly, we will monitor our response to these risks to ensure that they are sufficiently managed. Key risks include:

- Increasing public and investor focus on ESG matters, potentially leading to reputational risk and impacts on the perception of the company.
- New regulations which may lead to regulatory issues or, in extreme cases, sanctions.
- Climate change, loss of biodiversity, which may lead to impacts on operations such as a shortage of resources.
- Asset devaluation and long-term risk, mainly associated with Climate risk (physical, transition and litigation risk)
- Social consequences of Skarta Energy activities that range from employee treatment to boycotts to labor violations to product recalls.
- Access to information: lack of access to reliable, factual and consistent data.
- Any ESG incidents, which could have legal and reputational damage to the company.

Mitigation activities includes the following:

- Continuous monitoring of regulation and investor preferences
- Sufficient tools and knowledge, as well as a clear process for monitoring risks
- Maintaining and updating policies and procedures.

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- Continuous engagement with stakeholders and the general public
- Using financial and non-financial data, industry benchmarking, and artificial intelligence to gather accurate, reliable, and consistent data

Skarta Energy will further aim to engage our most relevant stakeholders, such as regulators, investors and shareholders, customers, and other relevant bodies on ESG matters to ensure that any potential ESG issues and risks are identified and adequately addressed.

## Water Management Policy

### 1. Aim and Objectives

The overall aim of this policy is to provide guidance on how to ensure that our operations do not cause harmful emissions to water bodies, and to assess the risks related to possible water level fluctuations in the project areas.

To achieve the above aim, some key issues have been identified as being material to Skarta Energy's sustainability and will be the focal point of this policy and of supporting policies and plans. These material matters include:

- Water Management

### 2. Achieving the aims and objectives

Our objectives will be achieved through embedding our policy commitments throughout our activities and business relationships. We will also achieve our objectives through the following key focus area:

Skarta Energy conducts risk assessments and measurements of the effects of our operations on water levels in wet project areas, such as marshes. With the help of a comprehensive risk assessment, Skarta Energy's goal is to ensure that its operations do not, under any circumstances, release harmful emissions into water bodies.

### 3. Reporting and Target Setting

To track our impact, Reporting is done against a number of key metrics, guidelines and indicators. This enables us to fully understand our current impact and put into place specific actions to improve our impact.

- Change of the water surface level on project areas
- Possible emissions to water bodies on higher risk project areas

Together with this, Skarta Energy will annually review our performance on ESG-related KPI's and set annual targets to help improve their ESG performance. This will be supported by our Sustainability strategy and functional leadership who will integrate strategies into our operational procedures and activities to improve on performance, including training and awareness promotion activities.

### 4. Risk Management

Skarta Energy will, on a periodic basis, identify and monitor the key ESG Risks and document them. We will also develop responses to these risks to make sure they are sufficiently mitigated and integrated into the business activities. Lastly, we will monitor our response to these risks to ensure that they are sufficiently managed. Key risks include:

- Increasing public and investor focus on ESG matters, potentially leading to reputational risk and impacts on the perception of the company.

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- New regulations which may lead to regulatory issues or, in extreme cases, sanctions.
- Climate change, loss of biodiversity, which may lead to impacts on operations such as a shortage of resources.
- Asset devaluation and long-term risk, mainly associated with Climate risk (physical, transition and litigation risk)
- Social consequences of Skarta Energy activities that range from employee treatment to boycotts to labor violations to product recalls
- Access to information: lack of access to reliable, factual and consistent data.
- Any ESG incidents, which could have legal and reputational damage to the company.

Mitigation activities includes the following:

- Continuous monitoring of regulation and investor preferences
- Sufficient tools and knowledge, as well as a clear process for monitoring risks
- Maintaining and updating policies and procedures.
- Continuous engagement with stakeholders and the general public
- Using financial and non-financial data, industry benchmarking, and artificial intelligence to gather accurate, reliable, and consistent data

Skarta Energy will further aim to engage our most relevant stakeholders, such as regulators, investors and shareholders, customers, and other relevant bodies on ESG matters to ensure that any potential ESG issues and risks are identified and adequately addressed.



# Biodiversity and Natural Resources Policy

## 1. Aim and Objectives

The overall aim of this policy is to provide guidance on how to consider our effect on natural resources and mitigation and management approaches that best ensure these resources are conserved as far as possible.

Through specific management activities and actions to report on performance, set targets and manage risks.

To achieve the above aim, some key issues have been identified as being material to Skarta Energy's sustainability and will be the focal point of this policy and of supporting policies and plans. These material matters include:

- Ecological Impacts.

## 2. Achieving the aims and objectives

Our objectives will be achieved through embedding our policy commitments throughout our activities and business relationships. We will also achieve our objectives through the following key focus area:

Understanding the impact that we have on natural and ecological resources through an impact assessment throughout our supply chain activities as well as through land use for exploration, natural resource extraction, project development, construction, and siting. Skarta Energy

further aims to explore mitigation measures that will aid in limiting the negative impacts on natural resources and maximising potential positive impacts. Skarta Energy will also consider any remediation activities that we can undertake on areas where we have had a significant impact. Skarta Energy will further mitigate negative impacts through the consideration of more sustainable procurement practices and decision-making on resources and materials being obtained. The impacts to be considered include, but are not limited to, biodiversity loss, habitat destruction, and deforestation at all stages - planning, land acquisition, permitting, development, operations, and site remediation.

## 3. Reporting and Target Setting

To track our impact, reporting is done against a number of key metrics, guidelines and indicators. This enables us to fully understand our current impact and put into place specific actions to improve our impact. For this policy the metrics are:

- Description of sites or operations located in or near to biodiversity sensitive areas
- Significant impacts of activities on biodiversity
- Habitats protected or restored
- IUCN Red List species and national conservation list species with habitats in areas affected by operations.

Together with this, Skarta Energy will annually review our performance on ESG-related KPI's and set annual targets to help improve their ESG performance. This will be supported by our Sustainability strategy and functional leadership who will integrate strategies into our operational procedures and activities to improve on performance, including training and awareness promotion activities.

## 4. Risk Management

Skarta Energy will, on a periodic basis, identify and monitor the key ESG Risks and document them. We will also develop responses to these risks to make sure they are sufficiently mitigated and integrated into the business activities. Lastly, we will monitor our response to these risks to ensure that they are sufficiently managed. Key risks include:

- Increasing public and investor focus on ESG matters, potentially leading to reputational risk and impacts on the perception of the company.
- New regulations which may lead to regulatory issues or, in extreme cases, sanctions.
- Climate change, loss of biodiversity, which may lead to impacts on operations such as a shortage of resources.
- Asset devaluation and long-term risk, mainly associated with Climate risk (physical, transition and litigation risk)
- Social consequences of Skarta Energy activities that range from employee treatment to boycotts to labor violations to product recalls.
- Access to information: lack of access to reliable, factual and consistent data.
- Any ESG incidents, which could have legal and reputational damage to the company.

Mitigation activities includes the following:

- Continuous monitoring of regulation and investor preferences
- Sufficient tools and knowledge, as well as a clear process for monitoring risks
- Maintaining and updating policies and procedures.
- Continuous engagement with stakeholders and the general public
- Using financial and non-financial data, industry benchmarking, and artificial intelligence to gather accurate, reliable, and consistent data

Skarta Energy will further aim to engage our most relevant stakeholders, such as regulators, investors and shareholders, customers, and other relevant bodies on ESG matters to ensure that any potential ESG issues and risks are identified and adequately addressed.