

**NEOEN**

# **SUSTAINABILITY FRAMEWORK**

*Spreading our wings*





# Neoen is dedicated to the energy transition



*As a company entirely dedicated to renewable energy, we have sustainability hardwired into our DNA. Everyday, we are contributing towards global efforts to combat climate change.*

*Now we believe it is time for us to spread our wings and go beyond the obvious. To this end we are adopting a more ambitious and wide-ranging «Sustainability Framework». It will be our common point of reference, helping to harmonise our efforts and taking us to the next level. We are ready for it!*

**“ We produce the most competitive renewable electricity, sustainably and on a large scale ”**

**Xavier BARBARO**  
Chairman and Chief Executive Officer



## DELIVERING CLEAN ENERGY TO REDUCE EMISSIONS

Neoen works to combat climate change through developing, owning and operating large scale wind, solar and battery storage projects around the world. The size of these projects and the scope of our ambition is helping to speed up the pace of transition.



## PROMOTING ACCESS TO AFFORDABLE AND CLEAN ENERGY

Neoen’s wind and solar projects deliver competitively priced energy, exerting downward pressure on electricity prices. In Mexico, for example, the El Llano solar plant provides energy at the extremely competitive price of 19 USD/MWh.

Battery storage plays its part in cost reduction by providing solutions to network problems. In Australia, the Hornsdale Power Reserve saved consumers over 115 million USD in its first two years<sup>1</sup>.

(1) Source: <https://www.aurecogroup.com/markets/energy/hornsdale-power-reserve-impact-study>

## Embracing our broader responsibility

Beyond our core business of owning and operating high quality renewable power plants, we are also interested in advancing responsible and sustainable practices in terms of how we do business, how we engage with our communities and how we manage our environmental footprint.

This first iteration of our Sustainability Framework outlines our broader ambitions and priorities as they relate to and are expressed by our people, our projects and our interactions with communities. It seeks to combine top-down with bottom-up approaches to encourage good ideas and innovation to bubble up across our various projects and countries.

*“ Strengthening a culture of integrity, accelerating progress and setting the stage for long-term success ”*



# Grounded in global principles and goals

Our framework acknowledges and references a number of abiding principles as well as the United Nation's Sustainable Development Goals.

## TEN PRINCIPLES

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

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|--|--|
| <p><b>1</b>   <b>Human rights:</b> Support and respect the protection of internationally proclaimed human rights</p>                   | <p><b>6</b>   <b>Labour:</b> The elimination of discrimination in respect of employment and occupation</p>             |
| <p><b>2</b>   <b>Human rights:</b> Ensure the business is not complicit in human rights abuses</p>                                     | <p><b>7</b>   <b>Environment:</b> Support a precautionary approach to environmental challenges</p>                     |
| <p><b>3</b>   <b>Labour:</b> Uphold the freedom of association and the effective recognition of the right to collective bargaining</p> | <p><b>8</b>   <b>Environment:</b> Undertake initiatives to promote greater environmental responsibility</p>            |
| <p><b>4</b>   <b>Labour:</b> Elimination of all forms of forced and compulsory labour</p>  | <p><b>9</b>   <b>Environment:</b> Encourage the development and diffusion of environmentally friendly technologies</p> |
| <p><b>5</b>   <b>Labour:</b> The effective abolition of child labour</p>   | <p><b>10</b>   <b>Anti-corruption:</b> Work against corruption in all its forms, including extortion and bribery</p>   |



The United Nation's Sustainable Development Goals are a collection of 17 interlinked global objectives designed as a blueprint to achieve a better and more sustainable future for all. The goals were set in 2015 by the United Nations General Assembly and are intended to be achieved by 2030. We have a responsibility and a role to play in achieving these targets.



Our framework is anchored by 3 foundational pillars

## Our people

*“ Speeding up the transition to a more sustainable future ”*

## Our projects

*“ Striving to deliver excellence in sustainability ”*

## Our communities

*“ Participating in the transition alongside us ”*



# Our people

We are a company of 281 people working across 15 countries on over a hundred projects, from those in development, to those under construction and our 86 operating power plants.

We are a small but rapidly growing team bound by a commitment to renewable energy and to accelerating the energy transition.

*“ Speeding up the transition to a more sustainable future ”*



## WORKING ETHICALLY

Our work ethic is sustained by our values, integrity in particular, which live and breathe in myriad ways through the actions of board members, managers and employees. They manifest in a vibrant workplace culture and orient our respectful approach to doing business.

### ACTIONS

- 100% of our employees formally commit to Neoen's Code of Conduct
- 100% of our employees formally commit to Neoen's Anti Corruption code and are trained in the fight against corruption

## ENCOURAGING DIVERSITY

Diversity is a source of pride and dynamism for Neoen, with over 32 nationalities represented amongst our team. Our recruitment process is open to all, upholds the principles of fairness and non-discrimination, and our workplace has zero tolerance to harassment.

At the global level, our main priority is addressing gender imbalance in the workforce. Currently 31% of our employees<sup>1</sup> are women and 28% of our management positions held by women.

### ACTIONS

- Exceed industry benchmark of 32% women working at Neoen, in each of our regions
- Increase annually the percentage of management positions held by women

### Local Initiatives

In addition, each country will choose a specific local initiative in relation to workplace diversity and/or its environmental footprint.



(1) As at 31/12/2020



## REDUCING EMISSIONS

As a French company, the Paris Agreement continues to be an important reference point and we are committed to taking steps towards reducing our emissions.

“Greener Neoen<sup>2</sup>” was established by a group of passionate employees to assess the company’s own emissions and environmental impacts and to propose detailed action plans to avoid or offset them.

Early wins have included a mobility package for employees commuting by bike, ‘zero paper’ initiatives, the reduction of office waste and recycling of computer equipment at a global level.

### ACTIONS

- Calculate our global carbon footprint (including scope 1, 2, 3)
- Support roll-out of at least one additional “Greener Neoen<sup>2</sup>” initiative each year. In 2021 - 100% offset of the company’s travel emissions

(2) “Greener Neoen” is an internal think tank formed spontaneously by a group of employees. Their objective is to drive Neoen to go “above and beyond” on the aspects of our business that relate to emissions reductions and the environment

# Our projects

Our project sites are where we work hand-in-hand with consultants, contractors and subcontractors to develop, build, own and operate our renewable energy power plants.

As well as generating clean electrons our projects are the crucible for a range of different and emerging sustainable initiatives and outcomes

*“ Striving to deliver excellence in sustainability ”*



## PRIORITISING SAFETY

Neoen is committed to ensuring the health and safety of its employees and of all those working on its project sites. Identifying risks has led to strict mitigation, control and reporting processes.

The company maintains a strong Health, Safety & Environment (HSE) culture on site, ensuring that contractors uphold Neoen's expectations and comply with the health and safety legislation and requirements. A Construction Manager may exercise the right to stop work when it is considered that an issue could endanger the health or safety of employees, contractor or subcontractor staff or members of the local community.

### ACTIONS

- Collate & report frequency and severity of accident and incident rates of our contractors
- Conduct HSE compliance audit on 100% of construction sites, monthly on sites over 20 MW in size, every 2 months on smaller sites

## PROTECTING BIODIVERSITY

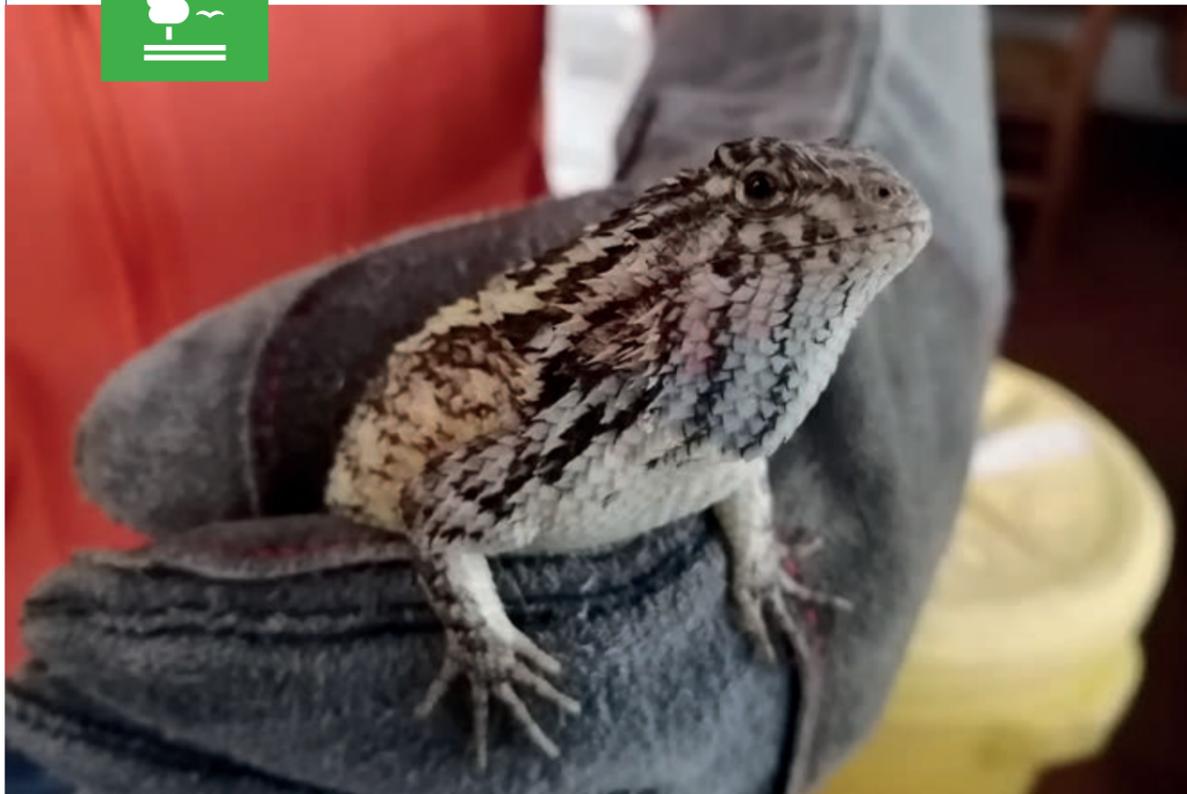
Beyond our commitment to addressing climate change through renewable energy, Neoen's environmental stewardship is evident at the project level. We undertake detailed environmental impact assessments during the development phase and offset any unavoidable biodiversity impacts once operational.

### ACTIONS

- Conduct environmental impact assessment by expert ecologists on 100% of sites during development
- Offset any unavoidable environmental impact in accordance with local requirements

### Local Initiatives

Each project will select one "above and beyond" biodiversity<sup>1</sup> initiative.



(1) In terms of biodiversity, land-use or co-location of agriculture



## INTEGRATING RECYCLING

We are committed to returning the land to the state it was in before our assets were installed. Every project has a decommissioning plan and funds that will be set aside for this purpose in the project's later years.

We are also committed to exploring recycling channels for all materials across the three technologies of solar, wind and batteries.

### ACTIONS

- Identify recycling channels for all our activities
- Integrate a recycling commitment clause into all new supply agreements, in countries with a mature recycling industry

# Our communities

Our projects occupy significant footprints of land in regional areas and as long-term owner operators we are privileged to become long-term neighbours to the communities surrounding our sites.

We work in consultation and cooperation with local stakeholders, contribute to local and regional economic development, and seek to share the benefits of the transition with our communities.

“ Participating in the transition alongside us ”



17 PARTNERSHIPS FOR THE GOALS



## CONSULTING & ENGAGING

Neoen understands that the success of a project is dependent to a large extent on developing genuine, open and ongoing relationships with key stakeholders and members of the local community. We recognise the importance of ensuring a 'no surprises' dynamic and are committed to engagement that starts early, is tailored to the local context and provides opportunities for the community to participate.

### ACTIONS

- Conduct community consultation and information-sharing on all projects even if not mandated
- Develop a Community Engagement Plan\* for 100% of our new projects over 50 MW in scale

*\*Community Engagement Plan is a comprehensive internal tool which guides and maps our consultation and engagement across a project's lifecycle from early stages of assessing feasibility through until decommissioning.*

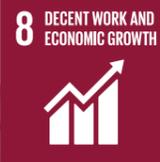
## ECONOMIC DEVELOPMENT

The construction and operation of our projects has the potential to deliver significant local and regional economic development through (i) the creation of direct and indirect jobs (ii) supply chain outcomes and (iii) opportunities for skills development, training and apprentices. There is also a multiplier effect as income and spending circulates through the wider economy.

### ACTIONS

- Engage with local business and employment networks, prioritising local suppliers and jobseekers where possible
- Local Participation Plan\* developed for projects over 100 MW in scale

*\*Local Participation Plan is a sister document to the Community Engagement Plan which identifies and maps potential local and regional economic development outcomes.*



## BENEFIT-SHARING

Neoen is dedicated to ensuring that the benefits of the energy transition are shared with local communities. The term benefit-sharing includes many and varied community initiatives that are a product of a country's traditions, a community's need, people's ideas and are usually tailored to the local context.

Some examples are:

- Establishing a Community Benefit Fund which provides annual grants to local projects like in El Salvador, where 3% of the revenues are donated to a Social Investment Fund dedicated to local community development

- Developing education activities to promote energy literacy & environmental awareness
- Rolling out agricultural training to local communities in Zambia to improve awareness and share good practices

### ACTIONS

- Develop a benefit-sharing initiative for each new project over 50 MW
- Create an artwork that celebrates renewable energy and local culture for each new project over 50 MW

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