



# Guidelines for remuneration of Executive Management

Annual General Meeting 2021

Approved by the Board of Directors 18 March 2021

Improving our future

## 1. General

These guidelines for remuneration of the executive management are prepared by the Board of Directors in Scatec ASA (the “**Company**” or “**Scatec**”) in accordance with the Norwegian Public Limited Liability Companies Act (the “**Companies Act**”) section 6-16a, for consideration at the Annual General Meeting on 20 April 2021, according to the Companies Act section 5-6 (3).

The principles for determination of salaries and other remuneration, apply for the Chief Executive Officer, the Chief Financial Officer, and the Executive Vice Presidents of Scatec (together “**Executive Management**”), as of today nine individuals, for the financial year 2021 and until new principles are resolved by the General Meeting in accordance with the Companies Act.

## 2. How the guidelines advance the Company’s business strategy, long-term interests and sustainability

Scatec is a leading renewable power producer, delivering affordable and clean energy worldwide. The Company’s mission is to deliver competitive and sustainable renewable energy globally, to protect the environment and to improve quality of life through innovative integration of reliable technology. Scatec develops, builds, owns, operates and maintains power plants with an ambition to become a global player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructure solutions. More information regarding the Company’s strategic priorities can be found in the Company’s annual report and on the Company’s website ([www.scatec.com](http://www.scatec.com)).

To successfully implement and execute the Company’s strategy and safeguard Scatec’s long-term interests, the Company must be able to recruit, develop and retain Executive Management with relevant experience, expertise and leadership skills. Hence, it is important that the Company offers its Executive Management team terms that are motivational and in line with the market level, as well as balanced and reasonable based on the respective executives’ competence, responsibility and performance. At the same time, it is fundamental for the Company that the policy for executive remuneration ensures financial sustainability and that the overall level of remuneration does not entail an unreasonable burden on the Company’s liquidity and equity.

The remuneration guidelines seek to provide a clear framework for remuneration of the Executive Management team, so that conditions that promote the Company’s strategy and long-term targets can be developed and contribute to increased shareholder value.

## 3. The main principles of the Company’s remuneration policy for Executive Management

Executive Management remuneration in Scatec shall be determined based on the following main principles:

### 3.1 Executive Management remuneration shall be competitive, but not leading

Executive Management remuneration shall, as a general guideline, be suited to attract and retain skilled leaders. The salaries for the Executive Management should be comparable with levels in similar businesses.

### 3.2 Executive Management remuneration is to be motivational

Executive Management remuneration should be structured to motivate the Executive Management to strive to realise the Company’s strategic goals. The main element of Executive Management remuneration should be the base salary, although additional variable incentives should be available to motivate the Executive Management’s efforts on behalf of the Company.

#### 4. Types of remuneration and principles regarding benefits that can be offered in addition to base salary

In general, the remuneration consists of five elements

- base salary
- short term incentives
- long-term incentives
- pension and insurance benefits
- benefits in kind

Scatec has sought to structure a plan combining base salary, short term incentive and share based long-term incentive to ensure (i) to motivate the Executive Management to strive to realise the Company's strategic goals including financial results, (ii) to be suitable to attract and retain skilled leaders taking into account the international market the Company participates in, and (iii) alignment with a representative average for management salaries for comparable Executive Management in similar businesses, and in the respective local market.

Variable remuneration, short term and long-term, is linked to value generation for shareholders over time. The variable remuneration is determined both by the achievement of individual and companywide key performance indicators and goals. It is fundamental that Executive Management, both individually and as a team, have influence on achievement of the key performance indicators and goals.

The long-term incentives are tied to the development of the share price of the Company.

##### 4.1 Additional benefits

###### 4.1.1 Short term incentive - Bonus scheme

As part of the incentive and retention plan in effect from 2016, the Executive Management is part of a global bonus arrangement based on key performance indicators both on the Company's overall- and financial performance as well as the individual's performance. For bonus to be paid, the company threshold needs to be met. This includes the overall company goals and objectives and key financial performance, which are considered to contribute to long-term growth in shareholder value. Additionally, the group's objective of being a leading company within environment and sustainability is also considered when determining bonus threshold. The relevant Executive Management member shall have the possibility to influence the goals of which the bonus shall be tied to.

Executive Management will be evaluated based on the following criteria:

- Assessment of their respective department's KPIs and goals. Throughout the year the validity of the KPIs is continuously assessed and updated to ongoing business activities. KPIs may include financial performance, production targets, project pipeline and backlog targets or any other measure considered to contribute to long-term growth in shareholder value. As a result of this assessment, Executive Management are awarded according to one of the following classifications: below expectations, meets expectations or exceeds expectations.
- Assessment of Executive Management against Scatec's leadership values and Scatec's group values. As a result of this assessment, Executive Management are awarded according to one of the following classifications: developing, solid or role model.
- Based on a holistic evaluation by the CEO and Organisation and Remuneration Committee of the above, bonus levels are determined.

Through such a structure, the incentives in the bonus scheme contribute to advance the long-term goals for the Company and ensures the focus is not just on what is delivered but also on how it is delivered. The bonus shall not exceed fifty percent (50%) of the annual base salary. Payment is made in March, for the preceding earning year. Any deferral of bonus payments is subject to approval by the Organisation and Remuneration Committee.

#### 4.1.2. Long-term incentive – Share option plan

Employees are key assets for Scatec's success. The Company is dependent on the competencies and knowledge of valuable and motivated employees to promote the Company's business strategy, long-term interests, and sustainability.

The Company has implemented a share option plan approved by the Board of Directors. The current scheme was approved and initiated in 2020.

The Executive Management and other key employees may be allocated options over a three-year period corresponding to up to 2,500,000 shares of the Company, equivalent to approximately 1.6 percent of the total outstanding shares. Annually approximately 1/3 of the options are awarded, with corresponding vesting periods of 12, 24 and 36 months. (Outstanding options are cancelled in the event of exit from the company.) The strike price of each annual award is based on the volume weighted average share price of the shares on Oslo Stock Exchange the ten preceding trading days of the grant date. The number of options awarded to each Executive Management member is calculated so that the value of the options is expected to correspond to fifty percent of the employee's base salary based on a pre-defined share price increase over the tenor of the option plan.

The option plan is designed to create an ownership culture to ensure alignment between shareholders and the Top Management of the Company. The option plan is an important tool to attract and retain high calibre employees.

It is intended that the Board of Directors may use its authorisation to increase the share capital of the Company and/or buy own shares to settle options being exercised under the Option Plan.

#### 4.1.3. Pension plans and insurance

The Company has established a pension scheme in accordance with the Norwegian Occupation Pension Act. The pension scheme is based on a defined contribution for all Norwegian employees. The pension scheme covers salaries from 0G (1G: NOK 101,351) to 12G (NOK 1,216,212) and is therefore in accordance with Norwegian legislation.

The Company may, but currently has not, sign early retirement agreements for Executive Management.

The Company may compensate the Executive Management and the Executive's family, as defined as close associates pursuant to the Norwegian Securities Trading Act section 2-5 no. 1 and 2, for health and life insurance plans in line with standard conditions for executive positions, in addition to mandatory occupational injury insurance required under Norwegian Law.

#### 4.1.4. Benefits in kind

Executive Management may be offered the benefits in kind that are common for comparable positions, e.g. free telephone service, home PC, free broadband service, newspapers. There are no special restrictions on the type of other benefits that can be agreed on.

## 5. Conditions for dismissal and severance schemes

For the Chief Executive Officer (“CEO”) there is a mutual notice period of six months. For the other members of the Executive Management, the mutual notice period shall be minimum three months and maximum six months.

Agreements may be signed regarding severance pay for the Company’s CEO and other members of the Executive Management in order to attend to the Company’s needs, at all times, to ensure that the selection of managers is in commensuration with the Company’s needs. Pursuant to the Norwegian Working Environment Act, such agreements will not have a binding effect on executives other than the CEO. Severance schemes shall aim to be set up so that they are acceptable internally and externally. An agreement on severance pay shall, if this is relevant, normally be entered into when establishing employment relationships, but may in special cases also be agreed upon termination of employment.

The period for the severance scheme is assessed based on what will be sufficient for the relevant Executive Management member to accept an agreement on reduced notice of termination. However, in addition to salary and other benefits during the term of notice, such schemes are not to give entitlement to severance pay for more than twelve (12) months.

## 6. Executive Management remuneration in other Scatec companies

Other companies in the Scatec group are to follow the main principles for determining management salaries and remuneration as set out in this declaration. Scatec aims at coordinating management remuneration policy and the schemes used for variable benefits throughout the group.

## 7. Senior Management in other jurisdictions than Norway

For Senior Management where the employment relationship is regulated in whole or in part by regulations in countries other than Norway, a level of remuneration may be agreed that deviates from these guidelines. However, the total remuneration must always safeguard the Company’s business strategy, long-term interests, and sustainability. Adjustments shall be limited to those that are necessary because of applicable legislation with associated regulations and market practices in the relevant markets.

Senior Management members where the employment relationship is regulated in whole or in part by regulations in countries other than Norway can be given an extended offer of other remuneration. Examples of such compensation may include company car, accommodation, stays abroad, school fees for children and paid return travel. Senior Management outside of Norway are eligible for the same levels of global bonus (short-term incentive) and long-term incentive programmes as their Norwegian counterparts.



## 8. Preparation and decision-making process for establishing, reviewing and implementing the guidelines

The Board of Directors has established an Organisation and Remuneration Committee. The committee shall monitor and evaluate the application of the guidelines, variable remuneration programmes for Executive Management that are ongoing and those that were concluded during the year, as well as remuneration structures and levels within the Company and the group. For each financial year, the Board of Directors shall prepare a remuneration report and make this available to shareholders on the Company's website at least three weeks prior to the Annual General Meeting.

The duties of the Organisation and Remuneration Committee include preparing the Board of Directors' resolution on proposed guidelines for remuneration of Executive Management. The Board of Directors is to prepare proposed new guidelines at least every four years and submit the proposal for decision at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting.

Remuneration to the CEO shall be decided by the Board of Directors in line with approved policies following preparation and recommendation by the Organisation and Remuneration Committee. Remuneration to other Executive Management shall be decided by the CEO in line with approved policies and after consultation with the Organisation and Remuneration Committee if deemed necessary.

The members of the Organisation and Remuneration Committee are independent of Executive Management. The CEO and other members of the management shall not participate in the Board of Directors' discussions on matters related to remuneration that concerns them.

## 9. Consideration of salary and terms of employment for other employees

In preparing the Board of Directors' proposal for these guidelines for remuneration, payment and employment, conditions for employees in the group have been taken into account. The level of remuneration is assessed considering information about the employee's total income, the components of the remuneration and increase and growth over time. Information on payment and employment conditions in the group forms part of the Organisation and Remuneration Committee's and the Board of Directors' basis for decision when assessing whether the guidelines and restrictions set out in these are reasonable.

## 10. Deviation from these guidelines

The principles in these guidelines are binding for the Board of Directors from the time they are approved by the General Meeting.

The Board of Directors may nevertheless deviate entirely or partly from the guidelines in individual cases provided it is deemed necessary due to special circumstances to satisfy the long-term interest of the Company, or to ensure financial viability of the Company, and provided that any deviation in each case is limited to an increase of 100% compared to what is allowed in accordance with these guidelines. The Remuneration Committee prepares the Board of Directors' assessments of matters concerning remuneration, including deviations from these guidelines.

## 11. Statement on executive salary policy and consequences of agreements on remuneration in the previous financial year

Salaries and personnel expenses for the Executive Management of Scatec ASA

2020 (NOK thousand)	Title	Salary 1)	Bonus	Number of options awarded	Exercise of share options	Out-standing share options	Other Benefits 2)	Pension Costs	Loans out-standing
Raymond Carlsen	Chief Executive Officer	3,557	1,418	48	-82	109	45	156	0
Mikkel Tørud	Chief Financial Officer	2,454	930	36	-61	80	45	156	273
Snorre Valdimarsson	EVP General Counsel	2,024	768	29	-47	64	42	157	432
Terje Pilskog	EVP Project Development & Project Finance	2,225	845	32	-53	71	45	158	316
Roar Haugland	EVP Sustainable Business & HSSE	1,924	722	28	-47	62	43	161	0
Torstein Berntsen	EVP Power Production	2,026	768	29	-51	66	43	164	370
Pål Helsing	EVP Solutions	2,069	776	30	-11	51	43	157	0
Toril Haaland	EVP People & Organisation	1,707	660	25	-9	43	42	157	0

1) Including paid out holiday allowance

2) Other benefits include benefits such as insurance, free phone, car allowance and synthetic shares.

The agreements described in section 4 are entered into in accordance with the principles for determining Executive Management salaries and remuneration as further described above. The Executive Management remuneration policy as carried out in the financial year 2020 has supported Scatec in retaining highly skilled personnel. The Board of Directors has not identified any significant negative consequences resulting from agreements on salaries and remuneration.

Oslo, 18 March 2021

The Board of Directors of Scatec ASA



**Scatec**

[www.scatec.com](http://www.scatec.com)