

**Scatec**

Tax Policy



# 1 Purpose and Scope

Scatec ASA and its group of companies (the “Scatec Group”) is a leading renewable energy solutions provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, we develop, build, own and operate renewable energy plants across four continents.

We are committed to growing our renewable energy capacity, delivered by our passionate employees and partners who are driven by a common vision of ‘**Improving our Future**’.

The Scatec Group has four core corporate values that help define our culture and govern our business activities. These core values are:



Predictable



Driving results



Changemakers



Working together

The purpose of this Policy is to present the Scatec Group’s position and principles regarding taxes across the jurisdictions in which we operate, including our compliance, management, controversy, controlling, transfer pricing and risk management.



## 2 Tax Policy

### 2.1 Our Approach to Tax

We use our vision of ‘improving our future’, and our core values, to help guide our tax policy. We want to ensure that we are working together with all stakeholders, including tax authorities as changemakers to design, implement and operate all tax matters in a predictable manner.

The Scatec Group pursues a responsible, fair, and transparent approach to tax, which fits within the greater Scatec view of how its business should be sustainable in the long-term. In this sense, the Scatec Group holds its entities to the highest tax compliance standards in all jurisdictions in which we are established or have dealings.

We understand that a responsible approach to tax is an essential part of improving the future of all societies in which we conduct business, especially considering most of our projects are located in developing economies and that we are a long-term player within these economies.

Finally, we believe taxes should be collected in the jurisdiction in which there is value creation and acknowledge that they are an important revenue source for governments to fund communities’ needs.

### 2.2 Tax Governance and Risk Management

Scatec is committed to managing taxes following the best practices of responsible taxation and tax governance, including international principles and recommendations, such as the Organisation for Economic Co-operation and Development (OECD) Compliance and Risk Management standard.

When it comes to tax reporting obligations, we make sure that tax returns are completed accurately and submitted in a timely manner, and that we maintain a cooperative relationship with tax authorities and other officials, aiming at avoiding risks and disputes.

Scatec acknowledges the complexity of the ever-changing international tax rules and the various tax risks that a global business structure such as ours entail. Therefore, we have a centralised global team of tax professionals qualified to navigate and assess taxes in complex business structures and transactions, working hand in hand with local tax specialists in each market.

Tax is also widely recognised by all Scatec teams as an important area of our activities and projects. Hence, the Scatec tax team is involved from the early stages of a potential project up to and during operation of the project, managing all areas of tax governance and risk management.

## 2.3 Tax planning

Our approach to tax planning involves pursuing efficient project structures, while making sure they are in compliance with international tax standards.

Scatec does not engage in aggressive tax planning or consider artificial structures to minimise its tax burden across the jurisdiction in which it operates.

**This means that Scatec is against harmful tax practices, and does not engage in:**

- Base erosion and profit shifting
- Treaty shopping
- Setting up a structure that has tax savings as its sole purpose
- Interpreting tax regulations and laws against their spirit and policy consideration/intent
- Using artificial or hybrid transactions to avoid taxable presence in jurisdictions where we do business

That also means that Scatec is transparent and consistent in the way it structures its investments. We are not present in jurisdictions generally considered to be tax havens, and we do not establish ourselves in low or no tax jurisdictions unless there is a valid business reason to do so, such as a project or an active income generating activity.

Because taxation matters are often highly complex and involve legislation, which is often ambiguous, we take all steps necessary to minimise tax risks to the extent possible. This includes discussing structures and transactions with tax authorities – whenever local laws allow, and requesting third-party expert advice to confirm or challenge our position/interpretation.

We do not engage in high risk, or overly complex, transactions from a tax perspective or put in place structures which carry high levels of risk. We only implement structures that we can comfortably stand behind and support in the event of tax controversy.

Our tax planning is, therefore, supported by strong technical positions, documentation of Scatec's decision-making process and in compliance with tax principles and laws in the jurisdictions in which we operate and in line with international standards.

## 2.4 Tax Incentives and other beneficial regimes

Governments around the globe often incentivise renewable energy infrastructure projects by means of granting tax incentives and other benefits, such as reduction of tax rates, reduction of the taxable base through the granting of accelerated depreciation, exemption from import duties or exemption from VAT for the import of goods to construct renewable energy projects, and R&D credits.

Alongside with direct support measures, such as grants, tax incentives are widely and increasingly used by governments as a tool to encourage innovation and promote economic growth.

Therefore, whenever available, Scatec welcomes and applies such tax incentives, especially because they allow Scatec to present more affordable tariffs for utility companies and governments of (developing) countries. In this sense, notwithstanding making use of tax incentives granted to renewable energy projects, local countries are still positively impacted as they are able to attract foreign direct investment, generate local employment, and access the electricity or energy resources for a lower tariff as would be the case absent these tax incentives. These lower tariffs are instrumental in allowing countries to make the switch from non-renewable to renewable energy sources.

Finally, when applying for those benefits, we make sure these have been introduced following the due and proper legislative process and that all of Scatec's Code of Conduct principles are met.

## 2.5 Transfer Pricing

Scatec's Transfer Pricing Policy follows the internationally accepted OECD Transfer Pricing Guidelines and the arm's length principle in all jurisdictions in which we operate unless local laws and regulations require otherwise.

When pricing intercompany transactions, we make sure those are market compatible and that income is allocated to parties in a manner that matches the functions being performed, the risks borne and managed, and the assets being utilised by each of the parties in order to create value.

## 2.6 Relationship with Governments, Tax Authorities, and International Organisations

Scatec believes that a transparent relationship with governments and tax authorities is fundamental in carrying out responsible and sustainable business in the jurisdictions in which we operate. We take a proactive approach towards tax authorities and pursue an ongoing dialogue with tax authorities, which we believe mitigates risks and prevents tax controversy.

We also monitor and participate in debates related to tax policy both at the international (e.g., OECD and EU) and local levels. Scatec provides comments and inputs to policy makers, including in public consultation procedures, which is made unilaterally or via relevant industry associations.

Our goal is to positively influence tax frameworks at global and local levels to promote a fair business environment, tax transparency, avoid economic double taxation, harmonise tax systems, and minimise compliance costs.

Scatec has a Whistleblowing Channel and Grievance Mechanism publicly available on our [corporate website](#).

The Whistleblowing Channel is targeted towards employees, consultants, suppliers, and stakeholders who have observed suspicious behaviour or actions that contradict our Code of Conduct or other governing documents, including the Tax Policy. The Grievance Mechanism is targeted towards individuals, communities and companies who have feedback or concerns regarding our renewable energy projects.

