Scatec

Green Financing Framework

2024

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1. Introduction

1.1. About Scatec ASA

Scatec ASA ("Scatec" or "the Company" or "we" or "us") is a leading Norwegian renewable energy solutions provider focused on accelerating access to reliable and affordable clean energy in emerging markets. The company has since it was established in 2007 acquired extensive knowledge and experience across the complete lifecycle of solar-, wind- and hydro power plants also combined with the use of energy storage solutions. We develop, build, own and operate renewable energy plants spread across four different continents, while simultaneously working to secure long-term, profitable and sustainable growth. Scatec's pledge involves the continuous expansion of our renewable energy capacity, a mission championed by our dedicated employees and partners who share a unified vision of 'Improving our Future'.

At the beginning of 2024 the Company had 680 employees, operated or constructed renewable power plants in 14 countries with an expected gross production of 4.2 GW.

Scatec's Integrated Business Model and Strategy

Scatec's business model is designed to capture the total value of renewable projects while maintaining control over construction, health and safety matters, and minimising the potential impact on people, communities and the environment. This approach encompasses the development, construction, ownership and operation of renewable energy plants in emerging markets coupled with the sale of power primarily through long-term power purchase agreements (PPAs).

Our commitment lies in offering the most cost-efficient solution for each project, which may involve a single or a combination of integrated renewables technologies. This integrated business model ensures that we maximise the benefits of our projects while upholding our commitment to sustainability and responsible business practices.

Development
During the initial phase of a project, environmental and social impact assessments and studies are performed to ensure that each project meets our strict HSSE standards. We work to secure attractive locations, grid connections, as well as licences and permits, and enter discus¬sions with potential long-term partners. We negotiate commercially viable PPAs with potential off-takers and start plant design. All project details are summarised in a business case which is benchmarked against our investment criteria. It is our strong conviction that early-stage development is crucial for sustainable value creation.

Structuring & financing
We use our experience to structure and integrate all project documents in collaboration with our financing partners to raise equity and predominately non-recourse debt for the project. Further development work, as well as engineering and construction planning, is performed in parallel with readying the project for construction.

Another key task is optimising project cash flows to maximise returns. Once these have been agreed with our financing partners, a final investment decision is made, and the project reaches financial close.

Construction
During construction, Scatec typically assumes the role of turn-key engineering, procurement, and construction (EPC) provider for the power plant, dependent on project structure and technology. This ensures full control over risk mitigating actions, costs, quality, and progression as well as maintaining a strong emphasis on health, safety, security, and environmental issues.

Operations
Once commissioned, the power plant commences commercial operation and Scatec is often responsible for operations and maintenance, and asset management services, with the aim of maximising performance. These services are delivered under long- term service contracts with pre-agreed commercial terms.

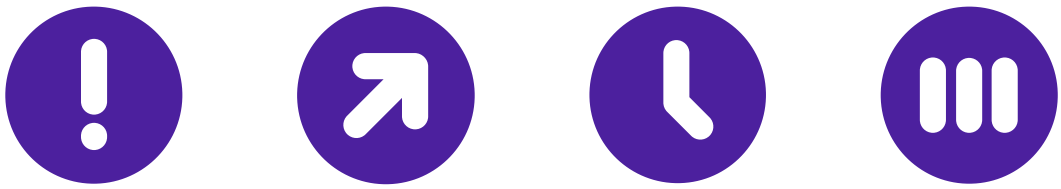
Ownership
As owner of the power plants, our role, is to ensure that the plant is operating according to set requirements. We also manage stakeholders and report to our lenders, partners, and the authorities. We receive annual dividends based on cash flows that are generated under the long-term PPAs or through the sale of power in the power market.

In November 2023 Scatec updated and revised its growth strategy to ensure that Scatec is rigged for the future and positioned to capture attractive growth opportunities. The Company's strategic roadmap continues to centre on growing the renewable portfolio in selected emerging markets with increased focus on solar, onshore wind and batteries.

For a comprehensive overview, explore the "Strategy" section on Scatec's corporate website.

Mission and values

At the heart of our mission is the commitment to deliver competitive and sustainable renewable energy on a global scale while safeguarding the environment and enhancing quality of life through innovative integration of and reliable technology. This overarching mission is guided by four core values:



Changemakers | Driving results | Predictable | Working together

1.2. Scatec's approach to sustainability

Sustainability at Scatec is an integral part of our organisation and operation. With a commitment to delivering competitive and sustainable renewable energy on a global scale, sustainability is embedded in every facet of our operations across all business units. To ensure the continuity and impact of our sustainability efforts, we have dedicated resources at both the project- and corporate level, actively engaged in all project phases.

Materiality assessment

Understanding the most material Environmental, Social, and Governance (ESG) topics along our value chain is pivotal to guide our sustainability priorities. These topics are identified and prioritised through the lens of double materiality, considering both the impact of sustainability topics on our business (financial materiality) and the impact of our activities on society and surrounding environment (impact materiality). Stakeholder expectations and internal strategic priorities guide our analysis. Further, regular engagement with internal and external stakeholders, including co-investors, partners, employees, and local communities, shapes our sustainability priorities.

We are currently in the process of aligning our materiality approach with the double materiality principle outlined in Corporate Sustainability Reporting Directive (CSRD)[1].

For more information on our materiality approach, explore the "Sustainability priorities" section on Scatec's corporate website.

[1] Corporate Sustainability Reporting Directive (CSRD) Regulation published in December 2022

Sustainability targets

Our sustainability targets (as of 2023) align with our overarching goal of delivering competitive and sustainable renewable energy while also addressing the core material topics identifies as part of our materiality assessment. To deliver on our priorities we focus on three main sustainability pillars:

Managing environmental and social impacts	Being a trusted business partner	Contributing to local value creation
Address our environmental footprint and social impact throughout Scatec's value chain, targets includes but are not limited to: • Net zero target by 2040 • 65% of our electricity use from renewables through purchases of I-RECs or use of own renewable electricity (100% by 2030) • 5 mill tonnes GHG emissions avoided from power plants in operation • End of life decommissioning plan for all projects	Ensure the highest standards in our daily operations, targets includes but are not limited to: • HSSE targets: • Fatalities: 0 • LTIF ≤ 2.14 • TRIF ≤ 3.21 • HPIF ≤ 1.43 • Sick leave ≤ 2% • Increase female representation on management level from 27% to 32% • 100% employee participation in Code of Conduct and anti-corruption training • 100% environmental and social screening of all new suppliers	Positively impact the communities we operate in, both directly and indirectly. targets includes but are not limited to: • 80% local workers employed in all projects during the construction phase • Establish min one long-term local development programme in all new projects

An important achievement during 2023 was the approval of our climate targets by the Science-based Target Initiative (SBTi). Our ambitions targets are aligned with the latest climate science from the IPCC aiming to limit warming to 1.5 degrees. Approved targets include:

Near-Term Targets

Reductions by 2030 from 2019

- Scatec commits to reduce absolute scope 1 GHG emissions by 95%
- Scatec commits to increase annual sourcing of renewable electricity to 100% by 2030 (scope 2)
- Scatec commits to reduce scope 3 GHG emissions 55% per kWh

Long-Term Targets

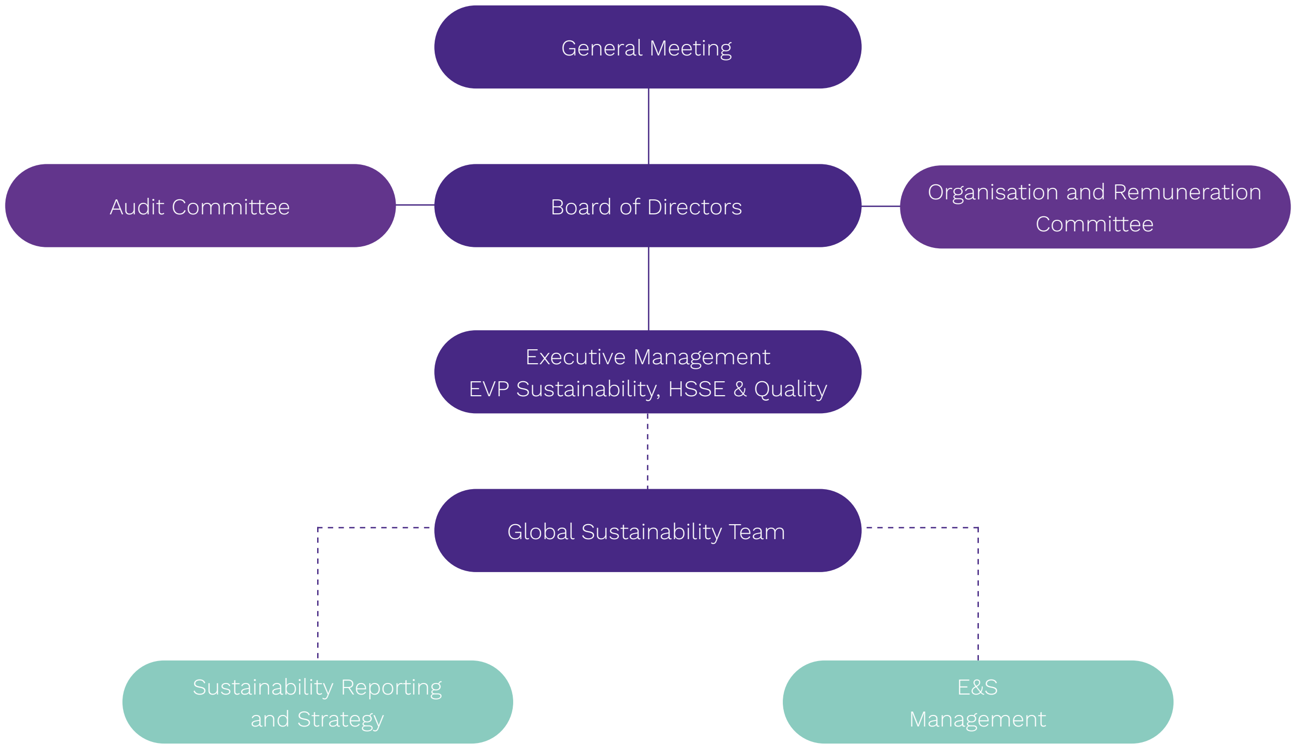
Reductions by 2040 from 2019

- Scatec commits to achieve at least 99% absolute scope 1 and 2 GHG emissions reductions from 2030 through 2040.
- Scatec commits to reduce scope 3 GHG emissions 97% per kWh by 2040

A full overview of Scatec's sustainability targets can be found in the company's ESG annual report.

Sustainability governance

Sustainability is seamlessly integrated into every aspect of our organisation, spanning all business units. Our sustainability team, comprising both corporate support teams and specialists, reports to the Executive Vice President (EVP) of Sustainability, HSSE & Quality, who is a key member of the Executive Management team (EMT) directly reporting to the Board of Directors (Board). The Audit Committee carries out quarterly reviews of Scatec's ESG reporting, and the Board is responsible for regular review of material sustainability topics.



Material ESG topics including health, safety, security, anti-corruption, responsible procurement, environmental and social impacts, and stakeholder engagement, undergo biweekly and monthly reviews by the EMT and the Board respectively. For each ESG topic, we have developed a policy outlining the key principles and management approach governing the way the we operate and address such issues. On a quarterly basis, the Audit Committee reviews annual key performance indicators (KPIs) and progress towards targets. These KPIs and targets are linked to Scatec's CEO and EMT remuneration, reinforcing our commitment to sustainability. Collaborating closely with regional teams and business units, Scatec's sustainability team addresses sustainability matters on a quarterly basis. Our sustainability policy commitments are integrated into organisational strategies, operational policies, and procedures through continuous collaboration on shared projects and initiatives.

Compliance

To ensure consistent practices across all projects, Scatec adheres to the Equator Principles and International Finance Corporation (IFC)'s Environmental and Social Performance Standards. Additionally, our work aligns with the OECD Guidelines for Multinational Enterprises and the UN Global Compact. Collaborating with trusted partners such as the IFC, Norfund, KLP, and several development banks, Scatec upholds high standards for projects and their associated impacts. Furthermore, our commitment extends to assessing several projects in developing countries against the UN Framework Convention on Climate Change (UNFCCC). This certification ensures that the renewable electricity generated by Scatec's facilities replaces fossil fuel use, contributing to real, verifiable, and permanent reductions in greenhouse gas emissions.

For a comprehensive overview of corporate policies and documentation, please refer to Scatec's corporate website under ESG resources.

ESG Reporting and Ratings

Scatec reports in accordance with the Global Reporting Initiative (GRI) Standards and we regard our report to be our Communication on Progress (COP) to the United Nations Global Compact (UNGC). Additionally, we report to the Carbon Disclosure Project (CDP) and annually publish the Task Force on Climate-related Financial Disclosures (TCFD) report. Further, we quarterly report on material ESG topics which underscores our commitment to transparency and openness with stakeholders. Scatec consistently holds top ESG ratings from renowned agencies such as (as of fourth quarter 2023):

- Sustainalytics (rated 12.8 - Low-risk of experiencing material financial impacts from ESG factors)
- EcoVadis (rated Gold - among the top 5% of companies)
- Inclusion in the CDP A List for the third consecutive year
- Recognised with an A+ rating in ESG reporting by Position Green
- Net zero target approved by the Science-based Target Initiative

With these credentials, Scatec maintains a strong standing among the 100 largest companies listed on the Oslo Stock Exchange.

Scatec's operations alignment with UN Sustainable Development Goals

Scatec seeks to contribute to the global agenda in line with the UN Sustainable Development Goals ("SDGs"). Based on the materiality assessment, we have prioritised three SDGs to which we deem to contribute the most. These include:
Goal 7 - Affordable and clean energy, Goal 8 – Decent work and economic growth, and Goal 17 – Partnerships for the goals.

1.3. Rationale for green financing

Scatec has a longstanding record in integrating our sustainability agenda to our financing strategy. We have issued five green bonds since the establishment of our first green financing framework in November 2015. On the lending side, in 2021 we entered into a USD 180 million sustainability-linked revolving credit facility (RCF) with 4 banks. The facility pricing has a direct link with ESG KPIs.

In Q1 2021 Scatec entered into a USD 150 million Green Term Loan with corporate banks; Nordea, DNB and Swedbank. In Q1 2023 Scatec refinanced USD 100 million of the acquisition financing related to SN Power, with a new USD 100 million Green Term Loan, with the same banks.

This framework update aligns with our core ambition to continue financing reliable and clean energy and thus contribute towards a low-carbon and climate resilient future. This framework will further support our business strategy as a valuable tool for the implementation of our growth strategy with an integrated sustainability approach.

2. Green Financing Framework

Scatec has established this Green Financing Framework ("Framework") in alignment with the International Capital Market Association (ICMA) Green Bond Principles 2021[2] (GBP) and Loan Market Association (LMA) Green Loan Principles 2023[3] (GLP). Under this Framework, Scatec may issue Green Financing Instruments, including but not limited to, Green Bonds and Green Loans. The Framework is aligned with the core components of the GBP and GLP as well as the recommended External Review:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

Green Financing Instruments issued shall provide a reference to this Framework in the documentation The Framework and Second Party Opinion from S&P Global Ratings are available on Scatec's corporate website.

2.1. Use of proceeds

An amount equivalent to the net proceeds from Scatec's Green Financing Instruments shall be used to finance or re-finance, in part or in full, assets or projects providing distinct environmental benefits ("Eligible Assets and Projects"). Tangible assets (without age restriction) and operational expenses (with a look-back period of three years) are eligible provided that they meet the eligibility criteria at the time of issuance.

Exclusions

The proceeds of Scatec's Green Financing Instruments will not be used to finance fossil fuel energy generation (include projects which entail ownership of diesel generators as back-up source of electricity, Wand standalone projects connected to high-polluting activities such as oil, gas and mining), nuclear energy generation, weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco.

[2] Green Bond Principles published in June 2021 (with June 2022 Appendix I) are voluntary process guidelines for issuing Green bonds established by International Capital Markets Association (ICMA).
[3] Green Loan Principles published in February 2023 are voluntary process guidelines for issuing Green loans established by Loan Markets Association (LMA).

EU Taxonomy alignment

The European Union (EU) Taxonomy regulation (the "Taxonomy")[4] is a green classification system that translates the EU's climate and environmental objectives into criteria for specific eligible economic activities aimed at directing capital towards sustainable investments. According to the taxonomy, an activity must make a substantial contribution to at least one of the six environmental objectives outlined by the Taxonomy. It should simultaneously do no significant harm (DNSH) to the other five objectives and meet minimum social safeguards. Scatec recognises the significance of a standardised definition for sustainable activities and actively supports the green bond market's development. In alignment with this commitment, we have established our Green Financing Framework to broadly align with the Taxonomy, particularly focusing on substantial contributions to climate change mitigation.

Scatec derives 100% of its revenues, operating expenses, and investments from activities eligible under the EU Taxonomy. In the period from 2021 to 2022, rigorous third-party assessments were conducted to evaluate the Scatec's adherence to the EU Taxonomy. Solar PV projects received early Taxonomy alignment through an external assessment in 2021, while assessments for hydropower and wind assets took place in the third and fourth quarters of 2021. The evaluation of lifecycle greenhouse gas (GHG) emissions for operating hydropower assets confirmed emissions well below the EU Taxonomy threshold (100gCO2/kWh). The assessment of the Do No Significant Harm (DNSH) principle validated alignment with Taxonomy criteria, but a detailed site-specific climate risk assessment was lacking, subsequently completed in 2022 for Taxonomy alignment. A high-level presentation of Scatec's FY 2022 alignment is summarized below. Third-party assessments and verification statements are accessible under "EU Taxonomy" on Scatec's corporate website, with detailed reporting on the proportion of revenues, CAPEX, and OPEX aligned with the EU Taxonomy.

100% of Scatec's revenue is derived from eligible activities that are aligned to the Taxonomy:

- Capex is 98% associated with Taxonomy eligible activities. Non-eligible capex is related to office leases, purchase of office fixtures and equipment as well as capitalisation on internal projects.
- Of the eligible capex, 91% relates to aligned activities while 9% is associated with capital expenditure related to new technologies and projects, such as our green hydrogen facility (not yet assessed), that are expected to generate Taxonomy aligned revenue when reaching production.
- The operating expenses included per the definition of the Taxonomy is 100% related to activities that are Taxonomy aligned, or associated with development of technologies and projects that are expected to generate Taxonomy aligned revenue.

[4] Taxonomy Climate Delegated Act published in June 2021, and Environmental Delegated Act published in June 2023.

Eligible Assets and Projects

Eligible Assets and Projects are defined as investments that promote the green energy transition, such as direct investments in renewable energy sources. This also includes acquisitions of such projects as well as investments in share capital of companies with such assets[5], where Scatec has significant operational influence and the use of proceeds should be directly linked to the book value of the Eligible Assets and Projects owned by the acquired company, adjusted for the share of equity acquired. The Eligible Assets and Projects contribute to the GBP environmental objective of "Climate change mitigation".

Eligible Assets and Projects must fall within one of the following eligible categories. A detailed description of each category is available in the table below.

1. Renewable energy
2. Energy storage, and other energy solutions

ICMA Green Bond Principles Category	Eligible Assets and Projects Category	Related SDG[6]	EU Taxonomy
Renevable energy	Investment activities, and related expenditures, directed towards the acquisition, development, construction, operation, improvement and maintenance of electricity generation facilities that produce electricity from: • Solar power • Wind power • Hydropower[7] • Hydrogen		Climate change mitigation: • Electricity generation using solar photovoltaic technology (4.1) • Electricity generation from wind power (4.3) • Electricity generation from hydropower (4.5) • Manufacture of hydrogen (3.10) 100 • Storage of electricity (4.10)
Energy storage, and other energy solutions	Investments in energy storage and other energy solutions to accommodate the build-out and integration of renewable energy		

[5]Limited to pure play renewable energy companies with minimum 90% of revenue from green activities
[6]ICMA, "Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals",
[7]Hydropower must fulfil at least one of the following three criteria: (i) Run-of-river plant without an artificial reservoir; or (ii) Life-cycle GHG emissions from the generation of electricity from hydropower < 100g CO_2e/kWh; or (iii) Power density of the electricity generation facility > 5W/m²

2.2. Process for Project Evaluation and Selection

The evaluation and selection process for Eligible Assets and Projects is key in ensuring that the amount equivalent to the net proceeds from Green Financing Instruments is allocated to assets and projects that align with the criteria outlined in this Framework.

Scatec conducts Environmental and Social Impact Assessments (ESIA) for all projects, regardless of what financing option is utilised, to identify and manage potential impact on the environment and communities surrounding the site. Scatec is in close dialogue with key stakeholder groups, including local communities, during the project phases. The environmental and social profile of a prospected project constitutes part of the process for project evaluation and selection.

The selection of Eligible Assets and Projects is managed by the Green Finance Committee (GFC), which is led by Executive Vice President (EVP) People, Sustainability & Digitalisation and the Scatec Group of Management. All decisions are made in consensus. Only such assets and projects that comply with the criteria defined in the Use of Proceeds section of this Framework are eligible to be financed with Green Financing Instruments. The Chief Finance Officer (CFO) and Group Treasury Department are responsible for keeping an updated register of Eligible Assets and Projects.

The GFC will meet at least once a year to analyse, validate and report Eligible Assets and Projects and will keep track of all decisions made. The GFC adheres to the following process when selecting and evaluating the eligibility of assets and projects:

1. Scatec business units or Group Treasury, member of the GFC, will propose potential assets and projects to be considered eligible according to this Framework

2. The GFC will jointly evaluate eligibility of proposals according to eligibility criteria defined in this Framework and will remove such assets and projects that do not meet the eligibility criteria

3. The GFC jointly verifies the eligibility of assets and projects and labels them Eligible Assets and Projects

4. The decisions made by the GFC will be documented and filed

The GFC holds the authority to remove previously funded Eligible Assets and Projects from Green Financing Instruments should they determine that these no longer adhere to the criteria set forth in this Framework. Moreover, the GFC hold the responsibility to monitor the developments of the green finance market and may update the Green Financing Framework to reflect future market practices, such as the upcoming EU Taxonomy and potential updates to the GBP and GLP (see Section 2).

2.3. Management of proceeds

Scatec maintains a Green Financing Register with the purpose of tracking and monitoring the allocation of all issued amounts of Green Financing Instruments. The purpose of the Green Financing Register is to ensure that an amount equal to the net proceeds is allocated to Eligible Assets and Projects.

Scatec's Finance department will endeavour to ensure that the value of Eligible Assets and Projects at all times exceed the total amount of Green Financing Instruments outstanding. If Eligible Assets and Projects funded by a Green Financing Instrument are sold, or for other reasons loses their eligibility in line with the criteria in this Framework, Scatec will to the extent possible replace such assets by other Eligible Assets and Projects. If at any moment the total amount of proceeds from the Green Financing Instruments exceed the value of Eligible Assets and Projects, the excess liquidity will be held in accordance with Scatec's normal liquidity management policy, taking also into account the Exclusions stated under section 2.1.

2.4. Reporting

To enable investors, lenders and other stakeholders to follow the development of the assets and projects funded by Green Financing Instruments, Scatec commits to publish on their website a Green Finance Report (the “Report”) on the allocation and impact of Green Financing Instruments. The Report shall be published annually until full allocation, as long as Scatec has Green Financing Instruments outstanding. However, Scatec will publish the Report at least once for each Green Financing Instrument, noting that several Green Financing Instruments can be included in one Report.

In case Scatec only has Green Financing Instruments outstanding in a form of bank and/or private debt, Scatec may choose to only report towards the lenders as may be required under respective financing agreements.

Allocation report	Impact report
The allocation report will include the following components: • Summary of main activities in green finance and related projects • Total amount of Green Financing Instruments outstanding and split breakdown per instrument • Share of proceeds used for financing/re-financing as well as share of proceeds used for categories described in Section 2 and per renewable energy technology (solar power, wind power, hydropower, hydrogen and storage) • Detailed descriptions and case studies of selected Eligible Assets and Projects financed • The remaining balance of unallocated proceeds, if any • Alignment of the Eligible Assets and Projects with the EU Taxonomy	The impact report aims to disclose the environmental impact of the Eligible Assets and Projects financed under this Framework. Impact reporting will, to some extent, be aggregated and depending on data availability, calculations will be made on a best intention basis. The impact assessment may, where applicable, be based on the metrics listed below. Impact reporting covers all assets financed by Green Finance Instruments. If assets are only partly financed by Green Finance Instruments, impact reporting will reflect the relevant shares. The impact metrics selected may include the following: Renewable energy • Annual renewable energy generation (MWh or GWh), in total and per renewable energy technology (solar-, wind- and hydropower, and hydrogen) • Capacity of renewable energy plants constructed or rehabilitated (MWh or GWh), in total and per renewable energy technology (solar-, wind-, and hydropower and hydrogen) • Estimated annual greenhouse gas emissions avoided (tCO_2e) Energy storage, and other energy solutions • Capacity and technology of electricity storage installed (MWh)

2.5. External review

Pre-issuance review

To confirm the transparency and robustness of this Green Financing Framework, Scatec has engaged S&P Global Ratings to act as an external reviewer. Amongst other things, it confirms the alignment of this Framework with the latest ICMA Green Bond Principles and LMA Green Loan Principles. S&P Global Ratings has assessed the Framework to be Dark Green.

This Framework and the Second Party Opinion will both be publicly available on Scatec's corporate website.

Post-issuance review

To ensure transparency towards investors, lenders and stakeholders in accordance with the GBP and the GLP, Scatec will annually ensure external and independent verification, in the form of limited assurance. Limited assurance will be obtained to evaluate the allocation of proceeds from Scatec's Green Financing Instrument to Eligible Assets and Projects.

The report will be publicly available on Scatec's corporate website.

Design, layout and photos: Scatec

www.scatec.com