Scatec

Green Finance report

2023

Contents

1. Introduction

1.1. About Scatec ASA

Scatec is a leading renewable energy provider, accelerating access to reliable and affordable clean energy in emerging markets. We develop, build, own and operate renewable energy and have 4.2 GW in operation and under construction across four continents at year end 2023. Additionally, Scatec started construction for 0.3 GW in the first quarter 2024.

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

Scatec's strategy is to develop, build, own, and operate renewable energy, focusing on two strategic pillars "growing renewables" and "optimising the portfolio".

Growing renewables

Towards 2027 we will continue to grow our renewables capacity, targeting NOK 500-750 million in annual gross equity investments. Solar PV, wind and BESS will make up the largest share of our investments due to its complementary profiles and attractive fundamentals. We will utilise our competitive integrated business model and stay committed to delivering attractive returns of 1.2 times the cost of equity, D&C gross margins of 8-10% and O&M margins of 25-30%.

We aim to build stronger and longer-term positions in selected emerging markets, where we see a clear green agenda and potential to build scale and apply our proven model. We are ramping up growth in South Africa, Egypt, Brazil and the Philippines where we have a strong track record and operational portfolios, while we are building positions in India and Poland. Beyond these focus markets, we will maintain our opportunistic approach, applying strict guidelines on potential projects in terms of size and value creation.

Scatec will further grow selectively in green hydrogen and hydropower. Our green hydrogen efforts are focused on Egypt where we have secured projects with excellent renewable energy resources and export hubs to Europe. Within hydropower, Scatec's JVs with Aboitiz in the Philippines and Norfund and BII in Hydro Africa are exploring attractive growth opportunities.

Optimising the portfolio

We further seek to optimise our portfolio through capital recycling. Our capital recycling rationale is to re-invest capital into new value creating projects and also seek to reduce debt on corporate level over time. We will exit selected non-core markets to consolidate the portfolio as illustrated by Scatec's recent divestments of Mozambique, Rwanda, and Argentina. We might also realise selective divestments or farm-downs in our focus markets if it is value creative and does not harm our strategic position, exemplified by the sale of Upington in South Africa.

Our role on the pathway to net zero

Renewable energy companies have an important role to play in supporting the world to achieve its climate targets. Reducing greenhouse gas emissions will require investment, innovation, technology, and a cultural shift. We have set ourselves a net zero climate target that is validated and approved by the Science Based Target Initiative (SBTi).

We believe that emerging markets are essential in this journey. At Scatec, we create opportunities for emerging markets through renewable energy – not only as they work towards the clean energy transition, but also to boost their economies, create jobs and meet growing energy needs.

We are passionate about what we do and the role we play in delivering clean and affordable energy, and across our globally dispersed teams we call ourselves ‘changemakers’.

We know that with the right people and the right focus, we can improve the future. This work has already begun with our strategic actions towards 2027, and it’s what will take us far beyond, into the net zero future.

Our integrated business model

Our business model ensures transactional and operational control throughout the project lifecycle which ensure de-risking of the projects from a financial and operational perspective, while managing health and safety matters including the potential impact on people, communities, and the environment.

This business model includes the development, construction, ownership, and operation of renewable energy plants in emerging markets and the sale of power primarily under long-term power purchase agreements (PPAs). Our approach is to offer the most cost-efficient solution for each project, ranging from a single technology to a combination of integrated renewables technologies.

Development

During the initial phase of a project, we secure attractive locations, grid connections, licences and permits and enter discussions with potential long-term partners. Based on this, environmental and social impact assessments and studies are performed to ensure that each project meets our strict HSSE standards. 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 we ensure that they is operating according to requirements. We also manage stakeholders and report to our lenders, partners and the authorities. We receive annual dividends based on cash flows generated under the long-term PPAs or through the sale of power in the power market.

Portfolio optimisation

During the operating lifetime of a project, we aim to extract additional value through refinancing of the project debt at improved terms, and through asset rotation with recycling of capital into new investments in renewable energy.

1.2. Scatec and Green Financing

Scatec issued its first Green bond in November 2015 to finance investments in solar power. With the acquisition of SN Power and the broadening scope of renewable energy investments, Scatec chose to establish a new Green Financing Framework (the “Framework”) in February 2021, enabling the Company to finance its contribution towards a low-carbon and climate resilient future.

The Framework has been developed in alignment with the Green Bond Principles 2018[1] (“GBP”) and Green Loan Principles 2018[2] (“GLP”). The Framework is applicable for issuance of Green Finance Instruments (GFI) including Green bonds, Green loans, and other types of debt instruments where net proceeds will be applied to finance or re-finance, in part or in full, new and/or existing projects and assets with clear environmental benefits, as defined in this Framework.

The Framework is aligned with the four recommended components of the GBP and GLP; Use of Proceeds, Process for Project/Asset Evaluation and Selection, Management of Proceeds and Reporting.

The selection of Green Eligible Assets is managed by the Green Finance Committee (“GFC”), which is led by EVP People, Sustainability & Digitalisation, and the management team. All decisions are made in consensus. Only such assets and projects that comply with the criteria defined in the Use of Proceeds section of the Framework are eligible to be financed with Green Finance Instruments. The CFO and Treasury Department are responsible for keeping an updated register of Green Eligible Assets.

The GFC monitors the developments of the green finance market and may update the Green Financing Framework to reflect future market practices, such as the EU Taxonomy and potential updates to the GBP and GLP. Scatec aims to follow the development in a close way by:

- Conducting annual evaluation of the Framework’s alignment with EU Taxonomy within the Green Finance Committee. The Green Finance Committee is responsible for decisions on any potential adjustments of the Framework in light of the EU Taxonomy.
- Including information on the alignment of underlying use of proceeds in the annual Green Finance Report.

The Green Financing Framework has been reviewed by an impartial firm, which has provided a second party opinion to confirm its alignment with the GBP and GLP.

The Framework and second party opinion from CICERO Shades of Green are available on Scatec’s website.

To enable investors, lenders, and other stakeholders to follow the development of Scatec’s assets and projects funded by Green Finance Instruments, this Green Finance Report will give an overview of allocation of proceeds and environmental impact. The Green Finance Report will be published annually as long as there are Green Finance Instruments outstanding.

[1] Green Bond Principles published in June 2018 are voluntary process guidelines for issuing Green bonds established by International Capital Markets Association (“ICMA”).
[2] Green Loan Principles published in March 2018 are voluntary process guidelines for issuing Green loans established by Loan Markets Association (“LMA”).

1.3. ESG in Scatec

Sustainability is a fundamental part of Scatec's organisation, rooted in all business units and integrated across the value chain. The Company has dedicated sustainability resources, both at the project and corporate level, involved in all renewable power project phases for long term approach and impact.

Governance and compliance

Scatec is committed to operate in line with the Equator Principles and IFC's Environmental and Social Performance Standards to ensure consistent practices across all projects. The Company's work is also guided by the OECD Guidelines for Multinational Enterprises and the UN Global Compact. The Company works with trusted partners such as IFC, Norfund, KLP and several larger Development Banks who all have high standards for the projects and their associated impacts. Refer to Scatec's corporate website under ESG resources for a comprehensive overview of corporate policies and other relevant documentation.

In addition, several of the Company's projects in developing countries are assessed against the UN Framework Convention on Climate Change (UNFCCC) to certify that the renewable electricity generated by Scatec's facilities substitute the use of fossil fuels, and that the greenhouse gas emissions avoided by the Company's power production are real, verifiable, and permanent.

ESG reporting and ratings

Scatec reports in accordance with the Global Reporting Initiative (GRI) Standards and regard its ESG Performance Report to be the Company's Communication on Progress (COP) to the United Nations Global Compact (UNGC). Furthermore, Scatec reports to the Carbon Disclosure Project (CDP) and in line with the Task Force on Climate-related Financial Disclosures (TCFD). The Company reports on its results and performance across material ESG topics on a quarterly basis.

Scatec's material sustainability aspects in reporting on GRI indicators, conducted in accordance with the International Standard on Assurance Engagements (ISAE 3000), was reviewed by PricewaterhouseCoopers (PwC), who is also the auditor for the Company's annual financial statements and related reports. PwC annually completes a full verification of all GRI disclosures covering each material GRI topic within the scope of a limited assurance. The assurance statement is available on Scatec's corporate website: ESG resources.

Scatec holds top ESG ratings from leading global ESG rating agencies actively covering Scatec, namely Sustainalytics (rated as 12.8 - Low risk of experiencing material financial impacts from ESG factors), EcoVadis (rated Gold - among the top 5% of companies rated), CDP (included in the A List), and MSCI (rated AA - high ranking relative to industry peers of resilience to long-term ESG risks). During the year, Scatec was awarded with an A+ rating in sustainability reporting by Position Green in its annual ESG 100 report, rating the 100 largest companies listed on the Oslo Stock Exchange.

EU Taxonomy alignment

Scatec's contribution to the objectives of the Taxonomy and the economic activities carried out by the Group is defined based on the integrated business model and strategic activities. Scatec is a project organisation that performs economic activities related to different renewable energy technologies and solutions across a range of markets along the value chain.

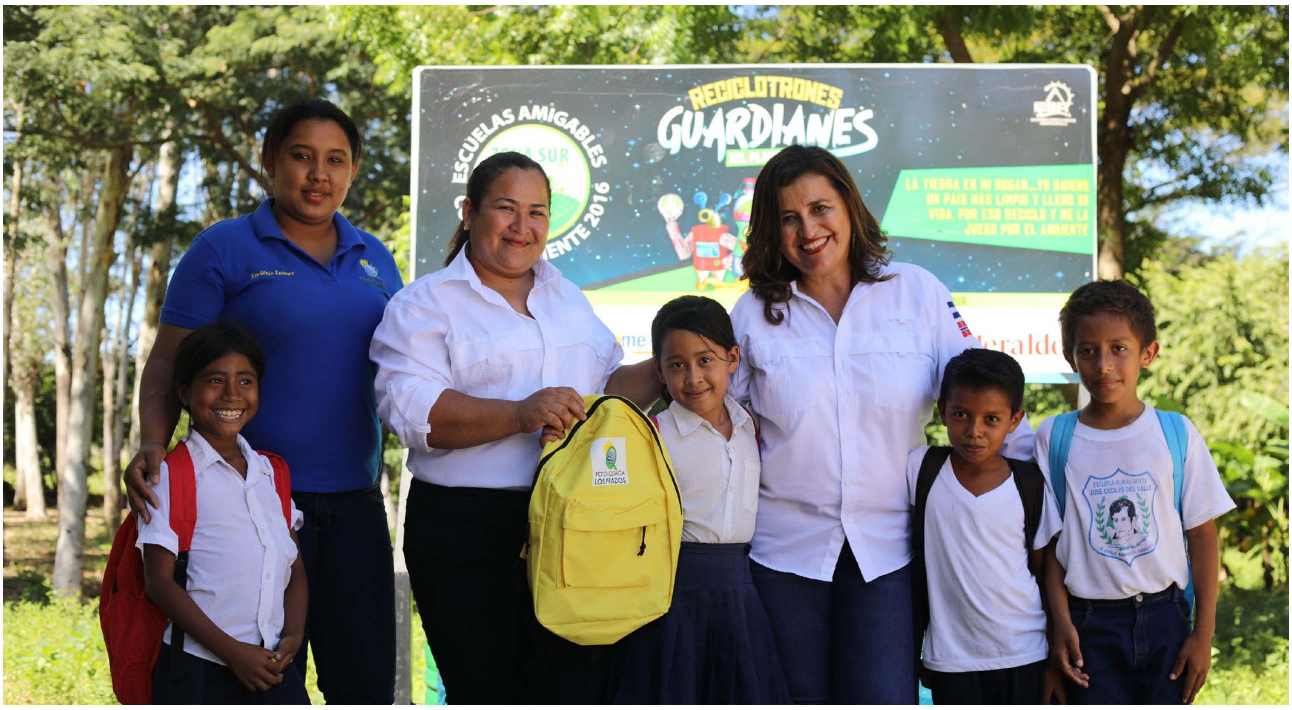
Substantial contribution

Our activities contribute to the environmental objective climate change mitigation, the global transition to a low carbon society through its renewable energy generation. As we have a global project portfolio, most of Scatec's economic activities are outside of the EU and not directly covered by the EU requirements.

Do no significant harm (DNSH)

Since 2020, Scatec, along with third parties, carried out multiple assessments to confirm alignment of its economic activities with the Taxonomy criteria and to identify potential gaps. The assessments are specific to the six environmental objectives and the DNSH technical criteria. In 2022, an internal climate risk and risk mitigation assessment was performed for each solar and wind plant. During the last year, Scatec screened each project following a standardised template covering the criteria for substantial contribution and all applicable DNSH, as well as the minimum social safeguards criteria (on a corporate level).

The minimum social safeguards in the Taxonomy entails ensuring that certain minimum governance standards are adhered to, such as anti-corruption and fair competition; and that social norms are not violated, including human and labour rights. During the last year, on a corporate level, Scatec's alignment was screened following a standardised template covering the detailed minimum social safeguards criteria.



Reporting on the financial KPIs

Revenue, opex and capex are reported based on our International Financial Reporting Standards (IFRS) consolidated figures. This implies that revenue, capex and opex shall be disclosed for economic activities in companies that are included in the consolidated financial statement. These KPI's do not include figures from joint ventures (JVs) and associated companies, such as the hydropower producing companies.

	Revenue		Capex		Opex	
	NOK mill	Percentage	NOK mill	Percentage	NOK mill	Percentage
Eligible	3,352	99%	8,812	100%	345	100%
Aligned	3,193	94%	8,529	97%	334	97 %
Not aligned	159	5%	283	3%	11	3 %
Non eligible	44	1%	9	0%	-	-

- 94% of Scatec's revenue is derived from eligible activities that are aligned with the Taxonomy. 5% of the revenue is related to sale of electricity from the Czech portfolio that is assessed as non-aligned. The remaining 1% is related to miscellaneous goods and services sold from different entities in the Group classified as non-eligible.

- 97% of the capex recognised during the year relate to Taxonomy-aligned economic activities, namely the generation of electricity through solar PV technology. This is related to the construction of solar plants, mainly the Kenhardt projects in South Africa. All projects under construction (Kenhardt and Sukkur) in 2023 are considered to be aligned to the Taxonomy, except for Release Mexico and Cameroon.

- Scatec's revenue is mainly derived from eligible economic activities aligned to the Taxonomy and the operating expenses incurred in relation to the same activities are also aligned. Opex related to revenue generated on the Czech projects is non-aligned.

Refer to our EU Taxonomy Report 2023 on our corporate website.

2. Reporting

In accordance with Scatec's Green Finance Framework, the following sections describes the allocation of proceeds, in addition to the environmental impact of the Green Eligible Assets financed under this framework.

2.1 Allocation Report

2.1.1 Green Eligible Assets

Green Eligible Assets 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, where Scatec has significant operational influence and where the use of proceeds is directly linked to the book value of the Green Eligible Assets owned by the acquired company, adjusted for the share of equity acquired.

Scatec currently has solar, wind and hydro power plants with 4.2 GW of capacity in operation and under construction in 14 countries on a 100% basis and seeks to continue a high rate of responsible growth in core markets. The company's long-term perspective on all investments is based on profitability and potential impact on the environment, people, local communities, and other stakeholders.

Table 1

	Technology	Capacity 31.12.2023 MW	Annual energy generation (GWh)	GHG emissions avoied (thousand tonnes)[1]
In operation				
Philippines		673	1,366	922
Laos		525	2,335	957
South Africa[2]		730	731	679
Egypt		380	950	364
Ukraine		336	354	119
Uganda		255	1,491	534
Malaysia		244	317	207
Brazil		162	281	26
Argentina[2]		0	212	58
Honduras		95	148	49
Jordan		43	99	39
Mozambique[2]		0	63	5
Vietnam		39	109	69
Czech Republic		20	22	9
Rwanda		9	13	7
Release		38	48	26
Total		3,549	8,540	4,070
Under construction				
Brazil, Mendubim		531		
Pakistan, Sukkur		150		
Release projects		9		
Total		690		
Grand Total		4,239		

[1] Emissions avoided (CO_2): Figures include actual annual production for all projects (solar, wind and hydro) where Scatec has an ownership share. Source for the country and region-specific emission factors are the International Energy Agency (IEA).
[2] Annual energy generation (GWh) and GHG Emissions avoided includes assets that were sold during 2023. Figures are based on energy generation prior to sale.

2.1.2 Green Finance Instruments

At the end of 2023, Scatec had the following Green Finance Instruments outstanding:

Table 2

Green Finance Instrument	Maturity	Currency	Million	NOK million
USD 150 million Green Term Loan	Q1 2025	USD	135	1,374
EUR 250 million Green Bond	Q3 2025	EUR	250	2,808
NOK 1,000 million Green Bond	Q1 2027	NOK	1,000	1,000
USD 100 million Green Term Loan	Q4 2027	USD	100	1,008
Total				6,190

In addition, Scatec ASA has a USD 180 million, ESG linked, Multicurrency Revolving Credit Facility (RCF) with maturity in July 2025, with Nordea Bank, Swedbank, BNP Paribas and DNB.

Subsequent events

In January 2024, Scatec agreed refinancing terms with DNB, Nordea and Swedbank for its USD 150 million Green Term Loan, with new maturity in the fourth quarter 2027. Scatec also successfully placed NOK 1,750 million in new unsecured Green bonds. In conjunction with the bond issue, Scatec bought back and cancelled EUR 136 million of the EUR 250 million bonds outstanding at year-end 2023. The remaining proceeds from the NOK 1,750 million bond issue after the buy-back will be applied towards eligible activities as set out in the Green Financing Framework, including additional repayment of corporate debt.

2.1.3 Allocated Proceeds

An amount equivalent to the net proceeds from Scatec's Green Finance Instruments shall be used to finance or re-finance, in part or in full, projects or assets providing distinct environmental benefits ("Green Eligible Assets"). New financing is defined as financing of assets that have been taken into use during the previous 12 months prior to issuance of a Green Finance Instrument. The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Green Eligible Assets. The impact reporting aims to disclose the environmental impact of the Green Eligible Assets financed under the Green Financing Framework. Impact reporting covers all assets financed by Green Finance Instruments.

In February 2017, Scatec issued a senior unsecured NOK 750 million Green Bond with maturity in 2021. The proceeds were used to invest in the Solar PV projects provided below in Table 3. Project Equity comprise of equity and shareholder loans in power plant companies. The proportionate Project Equity is per 31.12.2023.

Table 3

Project	Technology	Economic interest	Proportionate Project Equity	NOK 750m Senior Green Bond	Share of cost financed with GFI	Renewable Energy capacity added	Annual generation	Annual GHG emission reduced
			(NOK million)	(NOK million)	%	(MW)	(GWh)	(thousand tonness)[1]
Total			1052	750	71%	917	1,717	702
Benban		51%	365			380	950	364
Apodi		44%	191			162	281	26
Upington[2]		0%	172			258	273	254
Guanizuil IIA[2]		0%	324			117	213	58

[1]The figure includes the actual annual production for all projects (solar, wind and hydro) where Scatec has an ownership share. The source for the country and region-specific emission factors are the International Energy Agency.
[2] Annual Generation GWh and Annual GHG emission reduced on a 100% basis until the project was sold.

If a Green Eligible Asset already funded by Green Finance Instruments is sold, or for other reasons loses its eligibility in line with the criteria in the Green Financing Framework, the Company will strive to replace such asset by another qualifying Green Eligible Asset.

Any unallocated proceeds temporary held by Scatec will be placed in the Company's ordinary bank account or short-term money markets until deployed.

Scatec sold its shares in the Upington solar power plant in February 2023, and in the Guanizuil IIA solar power plant in October 2023. These projects are consequently not included in Table 4 below.

Table 4

Project	Technology	Impact financed with GFI			Impact according to Scatec's equity share		
		Renewable Energy capacity added	Annual generation	Annual GHG emission reduced	Renewable Energy capacity added	Annual generation	Annual GHG emission reduced
		(MW)	(GWh)	(thousand tonnes)[1]	(MW)	(GWh)	(thousand tonnes)[1]
Total		386	878	278	265	608	197
Benban		271	677	259	194	484	186
Apodi		116	200	19	71	124	12

[1]The figure includes the actual annual production for all projects (solar, wind and hydro) where Scatec has an ownership share. The source for the country and region-specific emission factors are the International Energy Agency

In February 2021, Scatec issued a senior unsecured EUR 250 million Green Bond with maturity in August 2025. The proceeds were used to refinance the NOK 750 million Green Bond issued in 2017 and to partially repay the Bridge-to-Bond facility that was committed in 2020, in relation to the acquisition of SN Power. The EUR 250 million Green Bond is defined as new financing in the Green Financing Framework. After the issuance of EUR 250 million Green Bond, the remaining Bridge-to-Bond facility amounted to USD 193 million. The Bridge-to- Bond facility was established when Scatec acquired SN Power in 2021. Refer to the press release for details.

In addition, Scatec entered into a USD 150 million Green Term loan agreement in 2021, that was included in the financing of the acquisition of SN Power.

In February 2023, Scatec refinanced the remaining outstanding amount of the USD 193 million Bridge-to-Bond facility, with a new USD 100 million Green Term loan, and placed NOK 1,000 million in new unsecured Green Bonds with maturity in February 2027. Parts of the proceeds from the NOK 1,000 million Green Bonds issue were allocated to investments in Solar PV projects (details below in Table 7).

The acquisition of SN Power secured the project portfolio of Green Eligible Assets within hydro and wind provided in Table 5 and Table 6 below. In the tables, we summarise the capacity, annual renewable energy generation and greenhouse emissions avoided in the acquired projects.

Table 5

Project	Technology	Economic interest	Acquisition cost	USD 150 million Green Term Loan	EUR 250 million Green Bond	NOK 1,000 million Green Bond	USD 100 million Green Term Loan	Share of cost financed with GFI	Renewable Energy capacity added	Annual generation	Annual GHG emission reduced
		%	(NOK million)	(NOK million)	(NOK million)	(NOK million)	(NOK million)	%	(MW)	(GWh)	(thousand tonness)[1]
SN Power			11,874	1,374	2,058	650	1,008	43%	1,469	5,301	2,482
Theun Hinboun		20%							525	2,335	957
Magat & Maris Hydro		50%							397	577	389
Binga & Ambuklao		50%							253	789	533
Bujagali		28%							255	1,491	534
Dam Nai		100%							39	109	69

[1]The figure includes the actual annual production for all projects (solar, wind and hydro) where Scatec has an ownership share. The source for the country and region-specific emission factors are the International Energy Agency.

Table 6

Project	Technology	Impact financed with GFI			Impact according to Scatec's equity share		
		Renewable Energy capacity added	Annual generation	Annual GHG emission reduced	Renewable Energy capacity added	Annual generation	Annual GHG emission reduced
		(MW)	(GWh)	(thousand tonnes)[1]	(MW)	(GWh)	(thousand tonnes)[1]
SN Power		629	2,272	1,064	540	1,677	871
Theun Hinboun		225	1,001	410	105	467	191
Magat & Maris Hydro		170	247	167	199	289	195
Binga & Ambuklao		108	338	228	126	395	267
Bujagali		109	639	229	71	418	150
Dam Nai		17	47	30	39	109	69

[1]The figure includes the actual annual production for all projects (solar, wind and hydro) where Scatec has an ownership share. The source for the country and region-specific emission factors are the International Energy Agency

NOK 350 million of the proceeds from the NOK 1,000 million Bond were allocated as Project Equity to solar project that Scatec has economic interest in. Project Equity comprise of equity and shareholder loans in power plant companies. The proportionate Project Equity was per 31.12.2023.

Table 7

Project	Technology	Economic interest	Proportion-ate Project Equity	NOK 1000m Senior Green Bond	Share of cost financed with GFI	Renewable Energy capacity added	Annual generation	Annual GHG emission reduced
			(NOK million)	(NOK million)	%	(MW)	(GWh)	(thousand tonness)[1]
Total			1734	350	20%	1,071	1,925	906
Mendbubim[2]		33%	623			531	1,055	98
Kenhardt[3]		51%	1,111			540	870	808

[1]The figure includes the actual annual production for all projects (solar, wind and hydro) where Scatec has an ownership share. The source for the country and region-specific emission factors are the International Energy Agency.
[2]The project has not reached COD as of 31.12.2023. Annual figueres are estimates on a 100% basis.
[3]Kenhardt reached COD 11.12.2023. Annual figueres are estimates on a 100% basis

Table 8

Project	Technology	Impact financed with GFI			Impact according to Scatec's equity share		
		Renewable Energy capacity added	Annual generation	Annual GHG emission reduced	Renewable Energy capacity added	Annual generation	Annual GHG emission reduced
		(MW)	(GWh)	(thousand tonnes)[1]	(MW)	(GWh)	(thousand tonnes)[1]
Total		216	389	183	451	792	444
Mendubim[2]		107	213	20	175	348	32
Kenhardt[3]		109	176	163	275	443	412

[1]The figure includes the actual annual production for all projects (solar, wind and hydro) where Scatec has an ownership share. The source for the country and region-specific emission factors are the International Energy Agency
[2]Mendubim has not reached COD as of 31.12.2023. Annual figueres are estimates.
[3]Kenhardt reached COD 11.12.2023. Annual figueres are estimates.

3. Selected projects - local value creation

Contributing to long-term local value creation is a key success criterion towards achieving the overall company goal of delivering competitive and sustainable renewable energy. Our goal is to positively impact the communities we operate in, both directly and indirectly. To ensure good relations, regular meetings are held with local leaders and representatives in all communities where we have a presence. Our stakeholder engagement work is carried out in accordance with the IFC's Performance Standards and the Equator Principles.

Scatec plans and implements local development programmes in line with our Community Investment Procedure in the communities where we have operations. Community investments are our voluntary initiatives that contribute to the long-term common good of the local communities closest to our sites and come in addition to efforts made to mitigate or compensate for project-related impacts. We are committed to contributing to the communities in a way that allows them to develop by themselves without becoming dependent on us.

Below projects are examples of how Scatec work with local communities.

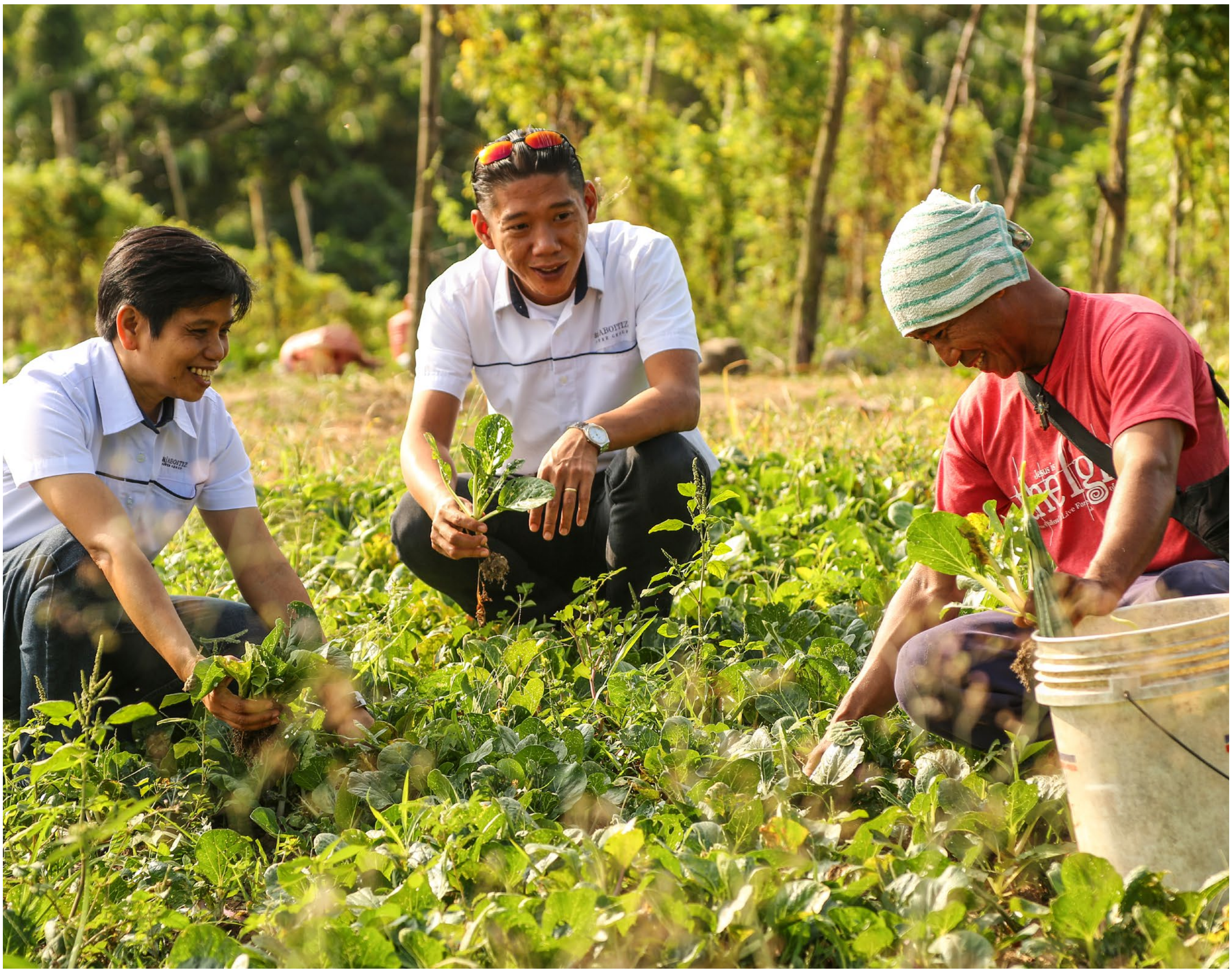
The Philippines

RMIPPP, South Africa

Mendubim, Brazil

The Philippines

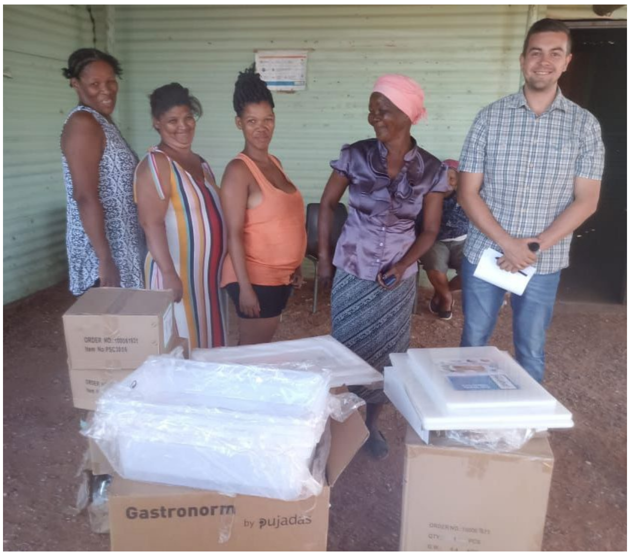
The Philippines' power sector is a commercial market and features a well-established wholesale market, with all fuel groups represented. The sector boasts robust fundamentals with steady demand growth supporting investment opportunities. Policy continues to be supportive of renewables and the Government has launched a Renewable Energy Roadmap with an ambition to increase reinstalled capacity to at least 20 GW by 2040. SN Power entered the Filipino market in 2005. Today, the joint venture company owned by Scatec and Aboitiz Power, SNAP, is the largest private hydropower company in the country with 642 MW in operation and a median production of 810 GWh.

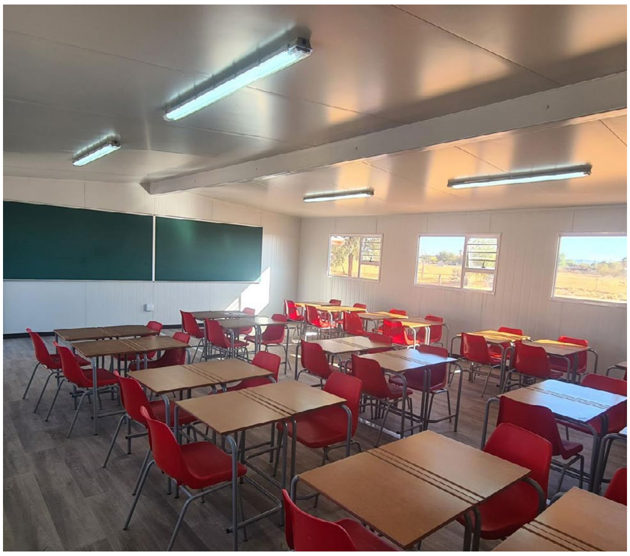


In 2023, SNAP funded 53 projects in the following areas: infrastructure, education, livelihood, health, governance, indigenous peoples (IP) culture, and environment in cooperation with local government units, host communities and IP organisations. These initiatives are aligned to the UN Sustainable Development Goals, including SDG 3 on good health and well-being and SDG 5 on gender equality and empowering women and girls. A special project undertaken in 2023 was in partnership with Connected Women through its programme, Elevate AIDA (Artificial Intelligence Data Annotation). Under this partnership, SNAP and Connected Women trained unemployed home-based women in Artificial Intelligence (AI) and data annotation to open up opportunities for home-based jobs in the info tech field. SNAP also actively supported medical and dental missions with various host municipal governments. Local medical practitioners participated to provide host community members access to free medical and dental care services.

RMIPPP, South Africa

The Kenhardt project totalling 540 MW solar and 225 MW/1,140 MWh battery storage, is one of the world's largest hybrid solar and battery storage facilities. The project was awarded by the Department of Mineral Resources and Energy in South Africa under the technology agnostic RMIPPP and located in the Northern Cape Province of South Africa. The project has a total capex of approximately USD 1 billion and marks the largest commitment in Scatec's history. The power will be sold under a 20-year PPA with Eskom. Scatec holds 51% of the equity and H1 Holdings, our local Black Economic Empowerment partner 49%.

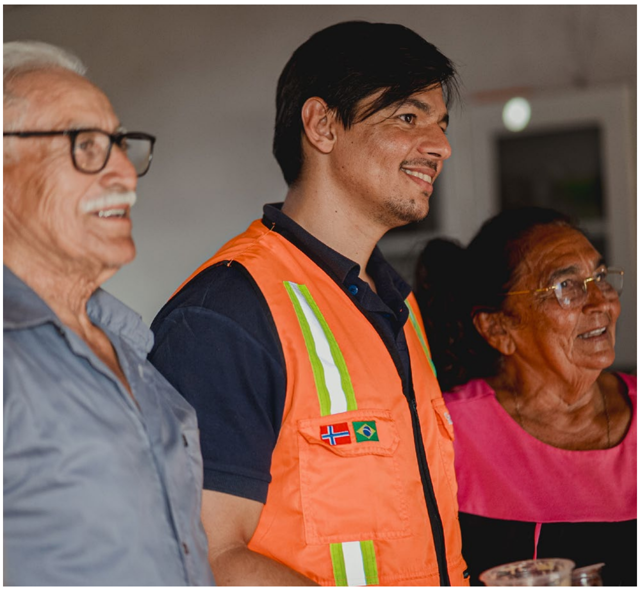




During the construction phase of the project, Scatec invested in several local development programmes in the Kenhardt and Groblershoop areas. To address the water shortage in Kenhardt, we invested in a water infrastructure project supplying 5 additional borehole pumps to the supply network. In addition, Scatec supported the rehabilitation of a municipal landfill site, school infrastructure upgrades to address overcrowding in schools, improvement to social infrastructure such as sports facilities, as well as a nutritional programme. During the operations phase of the project, Scatec will continue to invest in socio-economic and enterprise development projects, informed by a detailed community needs assessment.

Mendubim, Brazil

The 531 MW Mendubim solar project is located in the municipality of Assú in the state of Rio Grande do Norte in northeastern Brazil. This is Scatec's second project in Brazil and is being developed in partnership with Equinor and Hydro Rein. All three partners will have an equal economic interest of 33.3 percent in the project and will jointly provide EPC services. Scatec will further provide Operation & Maintenance and Asset Management services to the power plants together with the partners. The estimated total capex for the project is USD 430 million and the power produced will be sold under 20-year PPAs.



During the construction phase of the project, Scatec conducted a detailed stakeholder mapping and community needs assessment that forms the basis of our Community Development Plan during the operations phase. In partnership with the local technical school (ITEC), we created a professional qualification plan for women seeking to work in non-traditional roles. 240 women were trained, including 120 in photovoltaic module assembly. On average, the percentage of women working in construction was 13%, with above-average productivity, safety, and quality ratings. The programme aimed to generate a positive long-term social and economic impact, demonstrating the value of including women in the labour market.

Other social and environmental engagement activities included the creation of an agroforest, the purchase of organic vegetables from the community garden to feed the project's employees, and the preservation of the biodiversity of the caatinga biome through the collection of germplasm.

4. External review

External part/verifier

Allocation of proceeds will be subject to an annual review by an external part/verifier. A verification report provided by PwC is attached to this report.

To the Green Finance Committee of Scatec ASA

Independent statement regarding Scatec ASA's Green Finance Report

We have been engaged by Scatec ASA (the "Company") to undertake a limited assurance engagement on selected information about the allocations of proceeds in the Company's Green Finance Report 2023 (Subject Matter Information). The scope of our work was limited to assurance over:

- the description of processes and systems for evaluation and selection of the green projects as described in the Green Finance Report 2023 page 6, and

- the allocated proceeds from the additional Green Finance Instruments placed in February 2023, Green Bond (NOK 1,000M) and Green Term Loan (USD 100M) from table 2 in the Green Finance Report 2023, to such investments and expenditures, as described in section "Allocated Proceeds" on page 12-15 for the Green Bond (NOK 1,000M) and section "Allocated Proceeds" on page 12-14 for the Green Term Loan (USD 100M).

The Green Finance Report 2023 is prepared using the criteria described in the "Use of Proceeds" section in the Green Bond Framework per February 2021. The "Use of Proceeds" sections are attached to the Green Finance Report 2023.

Our assurance does not extend to any other information in the Green Finance Report 2023 than the sections "Allocated Proceeds" for the Green Bond (NOK 1,000M) and Green Term Loan (USD100M) in table 3, 5 and 7. We have not reviewed and do not provide any assurance over "Annual GHG emission reduced" in table 3, 5 and 7, or for any information reported in table 4, 6 and 8.

The Green Finance Committee's Responsibility

The Green Finance Committee is responsible for ensuring that the Company has implemented appropriate guidelines for green finance management and internal control.

The Green Finance Committee is responsible for evaluating and selecting eligible green projects, for the use and management of proceeds, and for preparing a "Green Finance Report" that is free of material misstatements, whether due to fraud or error, in accordance with the Company's "Green Finance Framework".

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by law or regulations and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Management 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Financial Information», issued by the International Auditing and Assurance Standards Board. This standard requires us to plan and perform procedures to obtain limited assurance about whether the Subject Matter Information is free from material misstatement. A limited assurance engagement in accordance with ISAE 3000 involves assessing the suitability in the circumstances of management's use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and, among others, included an assessment of whether the criteria used are appropriate. Our procedures also included making inquiries primarily of persons responsible for the management of proceeds and the process for selection of eligible green projects and meetings with representatives from the Company who are responsible for the allocation reporting; obtaining and reviewing relevant information that supports the preparation of the allocation reporting; assessment of completeness and accuracy of the allocation reporting; performing substantive testing on a selective basis through inspection of documents; and testing (or reviewing) various supporting documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the sections “Allocated Proceeds” disclosed in the Green Finance Report 2023 has not been prepared, in all material respects, in accordance with the relevant criteria.

Oslo, 19th of March 2024
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorized Public Accountant

5. Appendix

The appendix is extracted from Scatec Green Financing Framework 2021, page 6-7, see extracted below.

2. Use of proceeds

An amount equivalent to the net proceeds from Scatec's Green Finance Instruments shall be used to finance or re-finance, in part or in full, projects or assets providing distinct environmental benefits ("Green Eligible Assets"). New financing is defined as financing of assets that have been taken into use during the previous 12 months prior to issuance of a Green Finance Instrument. The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Green Eligible Assets.

Green Eligible Assets

Green Eligible Assets is 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, where Scatec has significant operational influence and where the use of proceeds should be directly linked to the book value of the Green Eligible Assets owned by the acquired company, adjusted for the share of equity acquired.

EU Taxonomy alignment

Scatec has started to explore what the EU Taxonomy will mean for the Company's activities. At this stage, Scatec has engaged a third party to undertake an independent assessment of the Company's alignment with the EU Taxonomy. The assessment will be executed during first quarter 2021. Internally, the Company is in the process of evaluating its activities substantial contribution to environmental objectives and compliance with the technical screening criteria per industry. The Company's preliminary assessment suggest that its activities contribute to the environmental objective - Climate change mitigation. The technical screening criteria for hydropower is still subject for consultation in the Delegated Act published by the EU Commission [3].

3) GEU Commission, "Draft delegated regulation", https://ec.europa.eu/info/law/better-regulation/

Green Asset categories	Sub-category	Related SDG[4]	EU Taxonomy
Renewable 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 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES	Climate change mitigation: • Electricity generation using solar photovoltaic technology • Electricity generation from wind power • Electricity generation from hydropower • Storage of electricity
Energy storage, and other energy solutions	Investments in energy storage and other energy solutions to accommodate the build-out and integration of renewable energy		

4) GICMA, “Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals”, https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf

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