

# Scatec

## Strategic Report

2022







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Our vision

Improving our future



Our mission

To deliver competitive and sustainable renewable energy globally, to protect our environment and to improve quality of life through innovative integration of reliable technology

Our values

Driving results  
Changemakers  
Predictable  
Working together

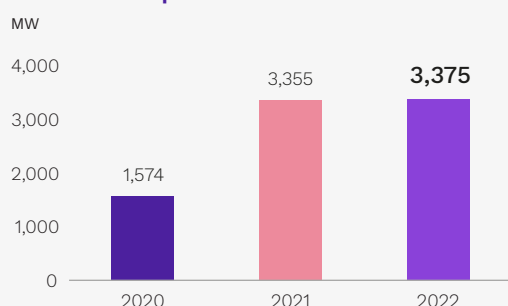
Scatec is a leading renewable energy solutions provider, accelerating access to reliable and affordable clean energy in emerging markets. As a long-term player, we develop, build, own and operate renewable energy plants, with 4.6 GW in operation and under construction across four continents today.

Sustainability is a fundamental part of our organisation, rooted in all our business units and integrated across our value chain. We are committed to grow our renewable energy capacity, delivered by our close to 800 passionate employees and partners who are driven by a common vision of ‘Improving our Future’. Scatec is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol ‘SCATC’.

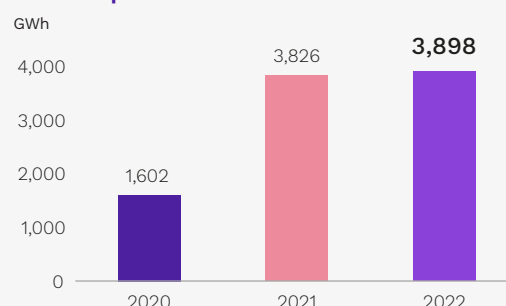
## Performance highlights

## Operational &amp; Financial

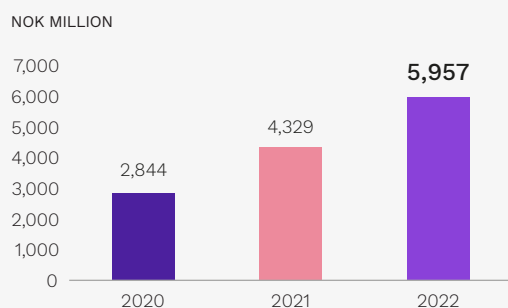
## Plants in operation



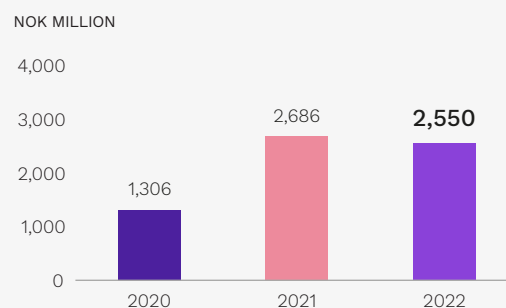
## Power production



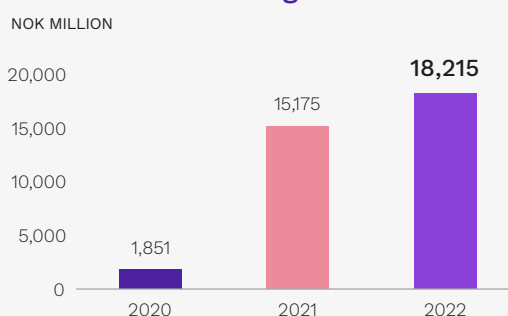
## Revenues



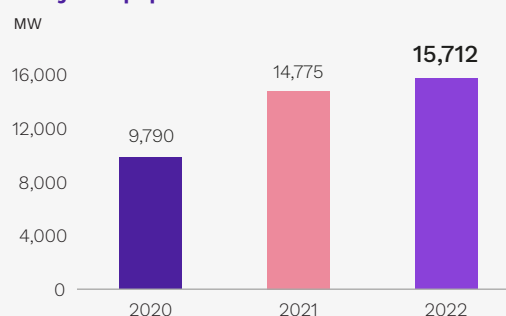
## EBITDA



## Net interest-bearing debt



## Project pipeline



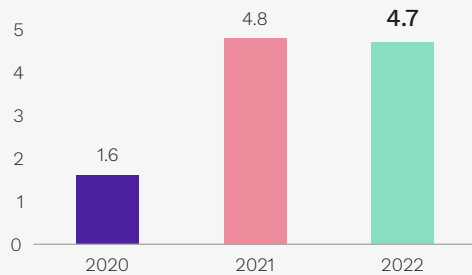
Note: MW in operation and pipeline figures are presented on a 100% basis, while the remaining figures are proportionate to Scatec.

## Performance highlights

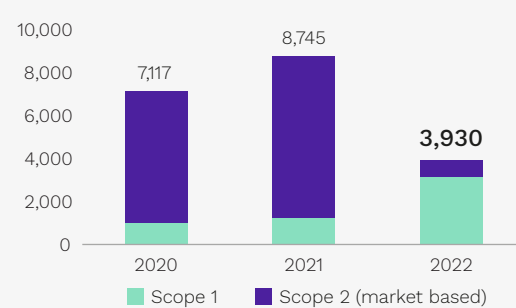
## Environmental, social and governance

## GHG emissions avoided

MILLION TONNES

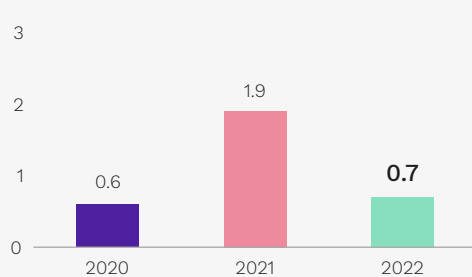


## Scope 1 &amp; 2 emissions

tCO<sub>2</sub>e

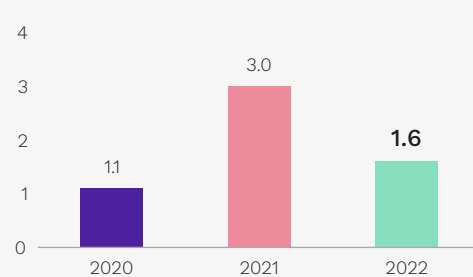
## Lost time incident frequency (LTIF)

PER MILLION HOURS

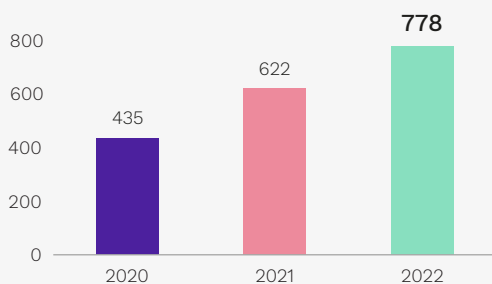


## Total recordable injury frequency (TRIF)

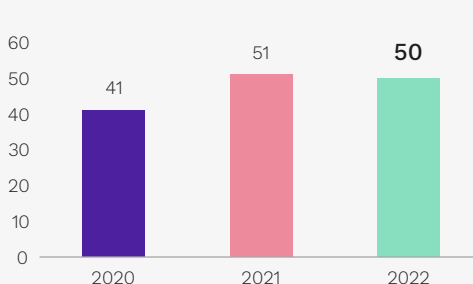
PER MILLION HOURS



## Number of employees



## Nationalities



For detailed information about our ESG results, see ESG Performance Report 2022

Note: The 2022 GHG emissions avoided figure includes annual production for all projects on a 100% basis.

# 2022 – a year of new beginnings and a sharpened strategy

In 2022, Scatec named Terje Pilskog the new CEO, expanded the management team and made decisive moves to sharpen our strategy. The company also started significant construction activities which represent 25% of our NOK 10 billion equity investment target towards 2027 and that will increase our power production capacity by 38% to 4.6 GW when fully operational.

Q1

- Investment decision made for a 20 MW battery energy storage system to be connected to the Magat hydropower plant in the Philippines
- Published the first Green Finance Report describing the development of assets and projects funded by the Green Finance Instruments
- Signed a term sheet for a 100 MW green hydrogen project in Egypt developed in partnership with Fertiglobe, the Sovereign Fund of Egypt and Orascom Construction

Q2

- Investment decision made for new power plants in South Africa, Brazil and Pakistan totalling 1.2 GW
- The Norway Transparency Act entered into force - requiring larger companies to report on work related to fundamental human rights and decent working conditions
- Awarded EcoVadis' Platinum Medal, highest recognition for sustainability ratings, placing Scatec among the top 1% rated worldwide

Q3

- Announced a sharpened strategy and a revised growth target to invest NOK 10 billion of equity towards 2027 with an equity IRR target of 1.2 times the cost of equity
- Expanded Executive Management team, strengthening regional setup and centralising support and service functions
- Submitted net zero targets to SBTi and awarded A rating on ESG reporting from Position Green in the annual analysis of the top 100 stock-listed companies in Norway, Sweden, and Denmark

Q4

- Construction of our projects in South Africa, Brazil and Pakistan on time and budget with 10% progress at year end
- Played a visible role at UN climate summit and launched the start of the commissioning of the first phase of the green hydrogen project in Egypt.
- Signed Power Purchase Agreements for the Grootfontein solar projects in South Africa
- Recognised with "A" score by CDP for leadership in corporate transparency and climate change performance



## Diversity, equity, inclusion and belonging (DEIB) programme launched

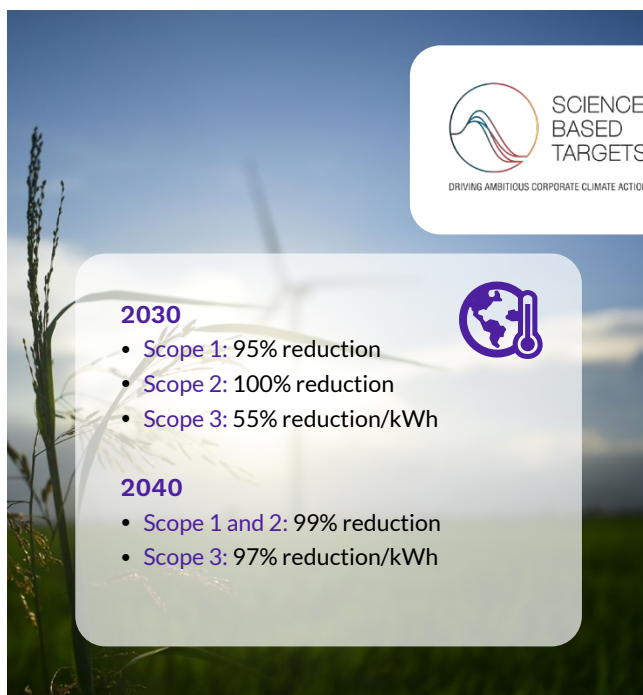
In October 2022, we launched a DEIB programme to increase awareness on gender balance and other forms of diversity, as well as enhance positive attributes that are already part of our Scatec culture.

We aim to build a company culture that nurtures diversity, as this is key to delivering on our goals and maintaining a flexible and agile working environment. We believe that by learning from different points of view (diversity), creating a context in which we all can thrive (equity), listening to others (inclusion), and allowing all our changemakers to be themselves at work (belonging), Scatec will be better equipped to innovate and seize the right opportunities, at the right time, and in the best way.

To ensure that our DEIB focus spreads throughout Scatec, we have launched companywide training that focuses on gender balance and other forms of diversity. All employees can take part in Scatec's DEIB eLearning, while our 122 leaders have experienced live virtual training.

We have also implemented measures in 2022 to ensure that DEIB is reflected in our people processes. We introduced bias training as part of our recruitment processes, which all hiring managers will complete.

We also established a gender task force to ensure that DEIB is a key theme during leadership events and in our communications channels year-round. In addition, our Graduate Programme in South Africa successfully recruited a diverse pool of participants in 2022, 90% of whom come from disadvantaged backgrounds. Of our 2022 new hires in South Africa, 52% are non-white of which more than 50% are women.



## Net Zero climate targets approved by SBTi

We set our climate ambitions in line with the latest climate science from the IPCC to limit warming to 1.5 degrees, requiring Scatec to minimise direct emissions by 2030 and achieve net zero emissions across our value chain by 2040, from a 2019 base year.

Our climate targets were approved by the Science Based Target Initiative (SBTi) in January 2023. During 2022, we focused on communicating the climate targets internally, integrating climate requirements into existing development and procurement processes, as well as identifying and analysing emission reduction activities across the existing project portfolio.

Our Net Zero strategy details the high-level initiatives within scopes 1, 2 and 3 to reach the targets.

## Letter from the CEO

# Renewable energy is more critical than ever.

In September 2022, Scatec launched its updated strategy towards 2027 to ensure the company is rigged for the future and positioned to capture attractive growth opportunities.

Financial results in power production were impacted by weak hydrology and impairment of asset values in Ukraine in the first half of the year, while improved hydrology and high energy spot prices improved financial performance in the second half. After project delays, Scatec took investment decisions and started construction of 1.2 GW of new power plants in the latter half of the year. Based on this, we started recognising gross margins in the D&C segment and we reached 10% progress on the construction of these projects by the end of the year. We continue to be disciplined and our new investments are meeting our return and margin requirements. On group level, we reported proportionate revenues of NOK 5,957 million and EBITDA of NOK 2,550 million, as well as solid ESG results.



In 2022, the Science Based Target initiative (SBTi) reported that a critical mass of companies had committed to science-based targets aligned with 1.5-degree C global warming. The U.S. made positive climate waves with its Inflation Reduction Act, creating incentives and opportunities to boost the green economy. Further, a historic agreement was put in place at COP27 in Egypt, ensuring that proper funding is funnelled into the nations suffering the most damage due to climate change.



As we reflect on 2022, we see a year of global turbulence. Few were left untouched by the war waged in Ukraine, an energy crisis of historic proportions, inflation and rising interest rates, and a supply chain squeeze that slowed down just about everything.

Despite all this, the world managed to maintain its focus on the future of our planet.

Converting our energy supply has a major role to play in the net zero future, and even amidst a year of crisis, there were signs of progress. The International Energy Agency (IEA), in late 2022, reported that renewable energy is poised to overtake coal as the largest source of electricity by early 2025. And investments in renewable energy grew year-on-year, which we see as a strong indicator that the world is moving in a more climate positive direction.

But it's still not enough.

There is a code red for our planet, and it's time to act and invest more in the green transition. To slow and eventually stop the catastrophic effects of climate change, 85 per cent of the world's energy must be derived from renewable sources. This will not happen on its own. Investment levels into clean energy must accelerate even faster to be aligned with the 1.5° C target set in the Paris Agreement.

### Our focus on selected emerging markets

Today approximately 63 per cent of carbon emissions stem from emerging markets. Renewable energy is an opportunity for these nations to boost their economic growth, meet growing energy needs, improve living standards, create new jobs, and reduce the dependency on fossil fuels.

This is the mission that we are on at Scatec.

We develop, build, own and operate renewable energy in emerging markets, while simultaneously working to secure long-term, profitable, and sustainable growth. We are a growth company, and we have a strong track record in emerging markets. Our focus is on driving the green energy transition in our focus markets, as renewables are the most cost-effective,

rapidly deployable, and secure energy supply to support these growing economies.

Renewables must be deployed with respect for nature, social inclusion and in close cooperation with broader society. The impact of renewable power plants on biodiversity and local communities needs to be understood and minimised, and local economic development and job creation is essential for renewable deployment to gain support.

### Raising standards

We are committed to responsible business, and in 2022, we made significant progress on ESG. We also improved our HSSE performance and increased the focus on compliance in our markets. Sustainability continues to be a high priority for Scatec and remains an integrated part of our strategy and business model.

Our climate ambition to reach net zero by 2040 is officially approved by SBTi and we have published our Net Zero strategy. During 2022, we began reporting on our EU Taxonomy eligibility and alignment, and we ensured our compliance with the Transparency Act requirements. We also received an 'A' rating by CDP due to our leadership in corporate transparency and performance on climate change, and EcoVadis awarded us with a 'Platinum' rating placing us among the top one per cent of companies.

### Major milestones in 2022

During the year, we made progress on renewables projects and the development of green hydrogen. We commenced construction of our 531 MW solar project 'Mendubim' in Brazil along with partners, as well as our 540 MW solar power and 225 MW battery storage 'Kenhardt' projects in South Africa - our largest investment to date. We further ramped up construction of our 150 MW solar power project in Pakistan in 2022.

Release, our flexible leasing agreement of pre-assembled solar and battery equipment, also progressed well in Africa during the year. In addition, we made a final investment decision and started construction of the 20 MW battery system connected to the 'Magat' hydropower plant in the Philippines. Overall capex

for the projects under construction is NOK 15 billion of which Scatec delivers EPC services representing approximately NOK 9 billion, the highest construction activity in Scatec's history.

During the year, we continued our project development activities with focus on selected emerging markets, growing and maturing our backlog and pipeline to 16.7 GW, of which 85% now is in our focus markets. Several projects were also moved from pipeline to backlog and forms the basis for further growth also in 2023. Finally, Scatec and our partners further began the commissioning of phase one of "Egypt Green" in November 2022. This was announced at COP 27 in Sharm El Sheik and marks the start of what will be Africa's first-ever green hydrogen plant.

On the organisational side, I assumed the role as CEO of Scatec on 1 May 2022, succeeding our long-time leader, Raymond Carlsen. The company also appointed Hans Jakob Hegge as Scatec's new CFO, effective 1 March 2023. He succeeded Mikkel Tørud, who took on a new position as EVP Green Hydrogen and Middle East and North Africa region. During the year, our executive team expanded to 11 members, and we made several adjustments to strengthen our regional set-up – which is key to meeting our strategic ambitions. With a stronger regional approach, Scatec's management will be closer to our main markets and better equipped to deliver growth opportunities and ensure long-term success. Each region, namely Sub-Saharan Africa, Middle East & North Africa (MENA), Asia, and Latin America/Europe, will be responsible for the company's operating power plants and business development within their areas.

### Looking ahead

At Scatec, everything we do is guided by our vision to improve the future. Our strategy serves as our roadmap on this journey, and our key actions over the next decade are based on value creation and making an impact in markets where we see the greatest opportunity.

As we move into 2023, we are focused on ramping up construction and developing opportunities in our focus markets. We plan to expand and mature our pipeline and convert new projects into backlog and construction. The supply chain situation has

been easing as we enter 2023 and we see evidence of reducing component pricing and also increasing PPA prices, enabling the development of attractive, value creating projects for 2023. At the same time, we are aware that the macroeconomic situation will continue to be challenging, as we navigate the after-effects of the pandemic, an ongoing war in Ukraine, global inflation, and higher interest rates in the year ahead.

### Our changemakers

At the centre of our strategy are the people of Scatec, the changemakers who work together to capture value and achieve results. We remain focused on further building a culture that nurtures diversity in all aspects, as this is key to reaching our goals. As a company, we deliver reliable and clean energy, and we aim to be a pioneer in successfully commercialising green hydrogen. We will do this by operating predictably and responsibly in our markets, partnering with the right players, building our own competence, and setting up our projects to be as competitive as possible.

At present, some of our changemakers are in Ukraine, living and working in an extremely uncertain and volatile environment. We fully support our brave colleagues, all of whom are dedicated to ensuring that Scatec does all it can to provide much-needed electricity during this time of hardship. Their courage and strength are an inspiration to all of us.

I want to close with a safety reminder. HSSE is close to our hearts here at Scatec. We are building and operating major infrastructure, and we must do so responsibly and with a people-first approach. It's about taking the time to do things right, and as leaders, we must build a culture and a mindset in which health and safety always come first, in all that we do.

It's been an exciting journey so far as Scatec's CEO, and I look forward to another year of major milestones, growth, and strong results.



Terje Pilskog, CEO



## Energy transition

# Energy is key to solving the net zero equation

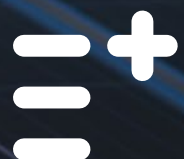
The current global energy crisis has injected greater urgency in the clean energy transition, highlighting the importance and key role of renewable energy.



Global renewable capacity is expected to increase by almost 75% between 2022 and 2027, according to the IEA's Renewables 2022 report.

High fossil fuel and electricity prices resulting from the global energy crisis have made renewable power technologies much more economically attractive.

Russia's invasion of Ukraine has caused fossil fuel importers, especially in Europe, to increasingly value the energy security benefits of renewable energy.



Energy is key to solving the net zero equation. If the world is to succeed in meeting our global climate targets, we must massively scale renewable energy solutions across technologies, ensuring that renewables development accelerates to comprise 85% of the world's energy mix.

The demand for renewables is growing rapidly, spurred on by increasingly urgent climate warnings, along with escalating economical and geopolitical factors. The relative competitiveness of renewables has strengthened over time, and it is now the most cost-efficient power source in much of the world.

The import of fossil fuels is seen as unreliable by many political leaders, given price volatility and geopolitical unrest. Renewable energy represents an opportunity for countries to boost their economic growth, meet growing energy needs, improve living standards, generate employment, and reduce dependency on fossil fuels.

At Scatec we believe that for the world to achieve its climate targets, emerging economies must be part of the solution. Today, 63% of carbon emissions stem from emerging markets. However, these markets only receive 20% of the global

investment in clean energy. The IEA reports that given rising populations, expectations for urbanisation and increased industrial activities in these countries, we can expect emissions to increase by about five gigatonnes within the next 20 years if we fail to act.

To give these growing economies the boost they need to transition, we are looking at an investment level into clean energies of more than USD 1 trillion by 2030, according to the IEA in a net zero by 2050 scenario.

There is also a growing need for green hydrogen, ammonia and other critical feedstocks powered by renewables, to accelerate the decarbonisation of hard-to-abate industries. Global demand for green hydrogen and green ammonia is expected to reach more than 500 million tonnes and 200 million tonnes, respectively, by 2050.

Emerging economies with renewable resources and strategic locations near end markets, such as Egypt, are expected to become large producers and exporters of green hydrogen and green fuel in the years to come.



## Strategy

# On course to capture value

Scatec is a leading renewable energy company. We are dedicated to accelerating the deployment of reliable and affordable clean energy in emerging markets.

### A sharpened strategy towards 2027

It's in our DNA to continually seize new opportunities. For more than 15 years, Scatec has been exploring ways to develop and scale renewable energy to improve lives.

Our strategy towards 2027 is what grounds us and gives us direction. It sharpens our focus on areas in which we can create the greatest value. We aim to be a leader in developing, building, owning, and operating renewable energy and green hydrogen in a value accretive and sustainable way in our key emerging markets. The moves we have made over time have positioned us to drive results and capture the right opportunities for growth.

Currently, we have solar, wind, and hydro power plants with a capacity of 4.6 GW in operation and under construction across four continents. This will generate predictable, diversified cash flows under long-term contracts. We have 1 GW of capacity in backlog and a project pipeline of close to 16 GW.

We aim to continue our high rate of growth in focus markets.

When investing, we target projects that generate long-term profitable returns of 1.2 times the cost of project equity.

We apply our proven integrated business model to generate additional margins, to maximise value creation. We remain opportunistic in our approach outside our focus markets, applying strict guidelines for the size, attractiveness, and scope of these projects.

### Building strong, long-term positions in our focus markets

As part of our strategy, we will prioritise selected emerging markets. These markets are characterised by rising demand for renewable energy, a clear green agenda from the government, high potential for local development, and where there is potential to apply and scale our integrated business model.

## Our strategic growth targets

Deploy at least NOK

# 10 billion

of equity over the next five years  
(25% committed at the end of 2022)



Achieve project equity returns of

# 1.2 times

the cost of equity







Our prioritised markets towards 2027 are: South Africa, Brazil, the Philippines, Hydro-Africa, Egypt, India, and Poland.



In our prioritised markets, we will focus on larger projects, as we believe that through a more targeted approach, and through an injection of capital and resources into these specific markets, Scatec can create more value through scale benefits and better success rates.

### Positioning ourselves as a frontrunner in commercial green hydrogen

Our sharpened strategy also sets high ambitions for green hydrogen. We aim to secure long-term offtake agreements and bring in partners who offer competence, finance, and risk management support with these large infrastructure projects. We believe our capabilities in project development and our emerging market positions provide a strong basis for success, and we have already made good progress on several projects.

### Rigging our company for the future

We are setting up our company to be consistently at its best. Scatec is a long-term industrial owner of assets, and we will continue to manage our existing asset base and deliver solid results through cost and asset base optimisation and remain ahead of the curve on sustainability compliance and international best practice. Looking ahead, we plan to actively manage our portfolio through consolidation and asset rotation to extract maximum value out of our projects.

### Scaling the Release platform

Release, Scatec's flexible leasing solution for pre-assembled and containerised solar PV and batteries, will concentrate on the African market in the near-term, prioritising projects that help establish a strong track record and generate increased demand, within the 1-30 MWp size. We will also explore an investment model for Release, and we are considering launching Release as an independent vehicle.

### Setting up Scatec for success

We consider ourselves a team of changemakers who drive results and capture opportunities. To ready ourselves for the future, we are focused on responsibility and predictability for our stakeholders, maintaining high standards for our projects and their associated environmental and social impacts, and strong community engagement. We have been a member of the UN Global Compact since 2018, which reinforces our commitment to responsible business. In addition, we remain committed to operating in line with the Equator Principles and IFC's Environmental and Social Performance Standards to ensure consistent practices across all projects. Our work is also guided by the OECD Guidelines for Multinational Enterprises.

We believe that partnerships are essential to our success, and, as part of our strategy, we are setting clear expectations and plans for joint initiatives. We work alongside policymakers, financial institutions, suppliers, and others to create value, stimulate growth, and mitigate risk in all endeavours. Our key stakeholders provide valuable feedback and input to our material ESG topics and sustainability work.

### Working together

Developing our people and fostering a culture that nurtures diversity is key to our future. We are building competence and the right leadership skills to guide the company forward. Our team has significant experience in unleashing new opportunities and managing risks in complex environments, which we consider our competitive advantage. We will continue to build on these core competencies, while seeking new investment opportunities and ensuring that long-lasting renewable assets can be financed and built. We embrace holistic diversity, equity, inclusion and belonging (DEIB) in our practices, policies and procedures and development programmes and initiatives.





## Brazil

Started construction of 531 MW solar plant in Brazil.

Brazil is one of our focus markets and we currently have the 162 MW Apodi solar plant in operation in Brazil, which we own and operate together with our partner Equinor. We have successively built a strong local organisation, good relations with our local neighbours and a significant pipeline since we entered the country in 2017.

During 2022, we started construction of the 531 MW Mendubim solar power plant in the country, which is one of our largest solar projects to date. The project is being realised in partnership with Equinor and Hydro Rein. The 20-year USD dominated power purchase agreement signed with Alunorte for the project, will cover approximately 60% of the power produced with the remaining volume to be sold in the Brazilian power market.

## South Africa

We have been delivering clean energy to South Africa for 10 years.

South Africa is a key market for us. Our 75 MW Kalkbult solar plant, which was grid connected in 2013, was our first project in South Africa and the nation's first utility scale solar facility. Since then, we have steadily grown our position in South Africa, and at the end of 2022 we had 448 MW of solar capacity in operation across six projects in the Eastern and Northern Cape, as well as a workforce of nearly 300 employees.

We had more than 50 long-term community investment programmes ongoing in South Africa during 2022, focusing on health, education, local business support, youth training and development initiatives.

During 2022, we began construction of the three Kenhardt projects in the Northern Cape Province. This is a first-of-its-kind project in Africa, totalling 540 MW solar PV capacity and 225 MW/1,140 MWh battery storage, which will provide 150 MW of dispatchable renewable energy from 05:00 to 21:30 based on the hybrid installation.



During the year, we also signed the power purchase and implementation agreements for the 273 MW solar Grootfontein projects under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) with expected commercial- and financial close during the first half of 2023.

On 2 February 2023, we signed an agreement to sell our 42% equity share in the 258 MW Upington solar power plant in South Africa. This transaction is in line with our strategy to optimise our portfolio and will release capital for new investments in renewable energy.

## Our integrated business model

# Capturing the full project value

Our business model allows us to capture the total value of a renewable project while retaining control over construction and health and safety matters, while managing 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, 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 discussions 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.



## Investment and funding approach

# Multiple sources of value creation

We have a strong commitment to generate shareholder value through profitable and sustainable growth. To deliver on this commitment, we invest selectively and scrutinise all our investment opportunities against our investment criteria. With our integrated business model, we are able to enhance project returns through multiple sources of value creation.

We have a project equity IRR target of 1.2 times the cost of equity in local currency, based on the expected cash flow from power production, and excluding other sources of revenue identified in our integrated business model. The cost of equity is calculated individually for each project based on a standardised CAPM methodology that takes into account e.g., relevant cost of debt, currency, leverage, and country risk premium.

Our renewable energy power plants are normally organised in single purpose vehicles and are predominately financed by equity from Scatec and co-investors representing 20–30 per cent of the investment and ring-fenced non-recourse project debt representing the remaining 70–80 per cent of the total investment dependent on technology and PPA structure.

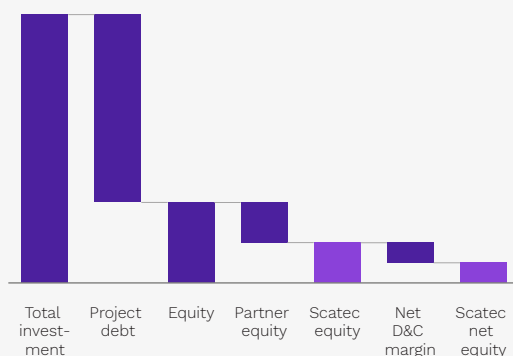
We normally seek to retain a majority ownership of the assets, with the remaining equity and debt provided by commercial

and multilateral finance institutions that are attracted by the economic returns and the environmental and social benefits of the renewable projects.

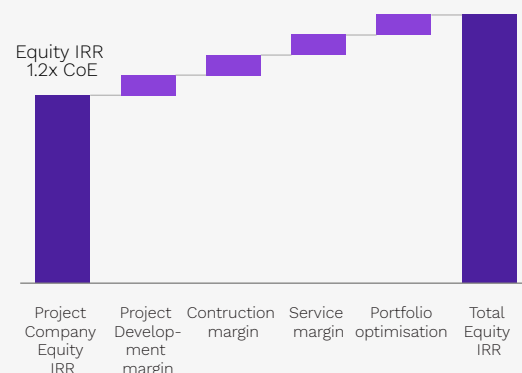
When we take on the role as EPC provider, we aim to achieve a gross Development & Construction margin of 8–10 per cent which can be used to fund a substantial part of our equity investment in the project. Revenues from this segment typically represent 50 per cent on average of project capex depending on type of technology and project structure.

When combining the effects of several revenue sources, total project return is typically higher than the stand-alone project equity IRR. This illustrates the robustness of our integrated business model.

### Illustration of funding structure



### Sources of value creation





## People and Organisation

# Ready for the future

Scatec's strength and competitive advantage lies within our people, our organisation, and the operating principles we've created together. Our future success will stem from the capabilities, experience and strong track record embodied in our team of changemakers.

Going forward, we see ample opportunity to apply our market understanding, manage risk and explore opportunities. We possess unique competence in terms of navigating complex environments, and we are deeply motivated to engage with the local communities and improve their future. As employees of Scatec, we are driven to work together based on our institutionalised and integrated business model to efficiently find the best approach to our renewable energy projects.

### A growing and diverse workforce

In 2022, we expanded our team internationally by 156 fulltime employees, increasing the total number of employees to 778, mainly in our selected focus markets to support ongoing projects and growth opportunities including in South Africa and Egypt, as well as Norway. With their 50 different nationalities, we are proud of our diverse workforce and see it as an enabler to our success.

Throughout the year, we continued to strengthen our organisation, develop our people, and reinforce our culture. We are building on our heritage and creating a robust organisation that is ready to take Scatec to the next level. Our strategy also sets out key activities for achieving our goals with respect to diversity, equity, inclusion, and belonging (DEIB).

### Recruitment in focus markets

We will continue to recruit business development resources in our focus markets to secure and develop new projects. We are strengthening our employer brand to ensure long-term access to talent, and we offer unique career opportunities by prioritising people growth and development.

When we recruit, we seek top candidates who possess both a cultural and business understanding of our markets. We

do this to reduce risk and accelerate growth. Scatec is also developing a leadership development framework to facilitate horizontal career moves. This will enable the development of broader skillsets, multi-functional competencies, and a stronger company culture.

### Strengthening our regional structure

In May 2022, the company appointed a new CEO, Terje Pilskog, who has been a part of Scatec for more 10 years. In addition, Scatec implemented changes to the executive management team to position the company for increased growth and to further strengthen the organisation.

Scatec sees vast opportunities in its key markets to further accelerate the green transition and continue to deliver clean and affordable energy. To deliver on these ambitions, the company expanded its Executive Management team to 11 members and strengthened its regional structure.

The regional approach entails that management will be even closer to Scatec's main markets to drive growth opportunities for the company and ensure long-term success. Each region, namely Sub-Saharan Africa, Middle East & North Africa (MENA), Asia, and Latin America/Europe, will be responsible for the company's operating power plants and business development.

We also lifted green hydrogen as a key focus area to executive management level. In addition, Scatec strengthened its business structure to deliver on our strategy in the best possible way. As part of this, the regional organisation is now supported by centralised support and service functions, including People, Strategy & Digital; Sustainability, HSSE & Quality; Legal, Finance, as well as Solutions and Operations & Maintenance.



778

employees



29%

female managers



50

nationalities



38

average employee age



## Risk and risk management

# Integrated risk management

At Scatec, risk management is an integrated part of the operating system. Over the years we have systematised our approach to risk management through policies and procedures controlled by our management team and relevant functions, including Solutions, Finance, Internal Audit, Legal, Sustainability, HSSE, Compliance, and O&M. Our main risk management policies are reviewed and approved by the Board of Directors on a regular basis.

Our integrated operations in emerging economies and renewable technologies mean that we are exposed to a variety of risks. Our ability to manage these risks is fundamental to our success and has over time developed into a key competitive advantage for Scatec. We capitalise on our experience of complex environments and risk management systems to de-risk an opportunity and move it forward.

Our financing partners, often multilateral banks with extensive emerging markets experience and comprehensive risk management procedures, are further contributing to

de-risking projects through separate due diligence processes in parallel with Scatec's own assessments.

In accordance with our risk management system, all project risks are identified and addressed in management and project reviews and reported upon on a regular basis. These reports are an important part of our decision gate reviews. Annual and quarterly risk reviews are performed by the Executive Management Team, and the conclusions of the reviews are reported to the Board of Directors.



## Climate target in line with the 1.5°C scenario

### NET ZERO by 2040

2030

2040

Scope 1:

**95%** reduction

Scope 1 &amp; 2:

**99%** reduction

Scope 2:

**100%** reduction

Scope 3:

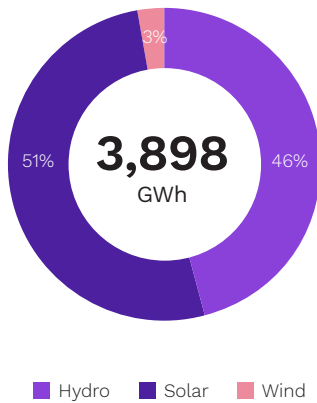
**55%** reduction/ kWh

Scope 3:

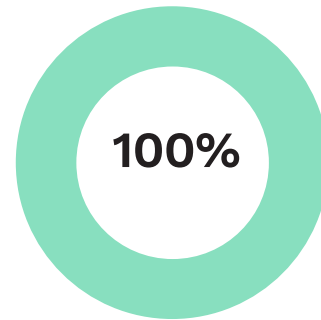
**97%** reduction/ kWh

# A diversified asset portfolio based on long-term contracts

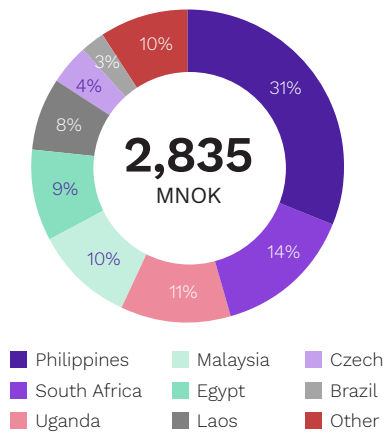
Power production by technology



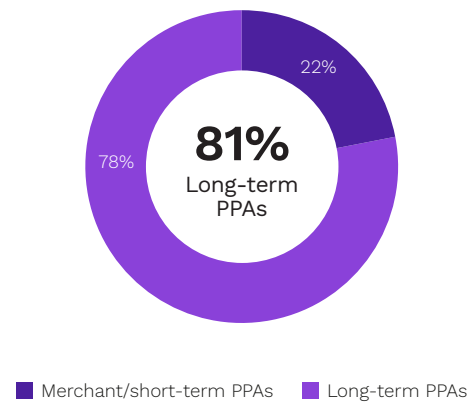
Share of renewable energy



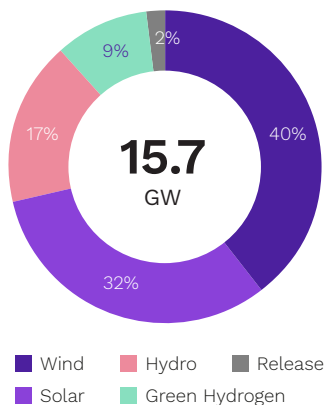
Power production EBITDA distribution



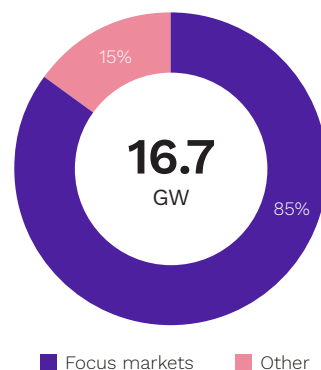
Offtake structure












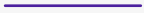






















Pipeline by technology














Pipeline & backlog




## Power plants in operation

Country	Technology		Capacity MW	Economic interest	Remaining PPA tenor
Philippines			642	50%	NA <sup>1)</sup>
Laos			525	20%	9
South Africa			448	45%	15
Egypt			380	51%	21
Ukraine			336	89%	8
Uganda			255	28%	19
Malaysia			244	100%	17
Brazil			162	44%	15
Argentina			117	50%	18
Honduras			95	51%	13
Jordan			43	62%	13
Mozambique			40	53%	21
Vietnam			39	100%	15
Czech Republic			20	100%	7
Release			20	100%	NA <sup>1)</sup>
Rwanda			9	54%	16
<b>Total</b>			<b>3,375</b>	<b>52%</b>	

## Projects under construction

Country	Technology		Capacity MW	Economic interest	PPA tenor
South Africa	  <sup>+</sup>		540+225	51%	20
Brazil			531	33%	20
Pakistan			150	75%	25
Release			26	100%	NA <sup>1)</sup>
Philippines	 <sup>+</sup>		20	50%	NA <sup>1)</sup>
<b>Total</b>			<b>1,267</b>	<b>47%</b>	

## Projects in backlog

Country	Technology		Capacity MW	Economic interest	PPA tenor
Tunisia			360	51%	20
South Africa			273	51%	20
Egypt	H <sub>2</sub>  		260	52%	20
Botswana			60	100%	25
<b>Total</b>			<b>953</b>	<b>54%</b>	

1) Short-term bilateral contracts

# Scatec's Executive Management Team as of 21 March 2023:



## Terje Pilskog

Chief Executive Officer

Terje Pilskog was named CEO of Scatec in 2022, after serving as EVP Project Development since 2013. He was previously SVP of REC Systems and Business Development at Renewable Energy Corporation ASA. Prior to REC, he was Associate Partner at the management consulting company McKinsey & Co. Pilskog holds a Master of Science in Business Administration from BI Norwegian Business School.

**Number of shares in Scatec:** 542,204

**Number of share options:** 129,235



## Hans Jakob Hegge

Chief Financial Officer

Hans Jakob Hegge became CFO of Scatec 1 March 2023. He was previously the CFO of Moreld, an industrial group owned by Hitec Vision. Prior to Moreld, he held the position as CFO and US Country Manager at Equinor. Hegge has more than 24 years of experience from the oil & gas industry, with 19 years in senior management positions in Statoil and Equinor. He holds a MSc from the Norwegian School of Economics (NHH).

**Number of shares in Scatec:** 10,000

**Number of share options:** 67,516



## Eliseo (Andy) Ana

EVP Asia

Eliseo (Andy) Ana was appointed EVP Asia in November 2022. Andy joined Scatec in 2021 as SVP Hydropower Project Development, Head of Africa & Latin America and became SVP Global Head Hydropower Project Development in 2022. Prior this he was part of the management team of SN Power since 2018. He previously worked at SN Aboitiz Power. Andy is a Civil Engineer with a PhD in Engineering and an MSc in Water Resources Engineering. He has extensive experience in hydropower planning, development, and construction.

**Number of shares in Scatec:** 0

**Number of share options:** 55,723





### Kate Bragg

EVP People, Strategy & Digital

Kate Bragg became EVP People, Strategy & Digital May 2022, after joining Scatec in 2021 as SVP and Head of Strategy and M&A. She was previously VP Corporate Strategy Development at Statkraft and prior to that worked for management consultancy McKinsey. Bragg is British and lives in Norway. She holds an MBA from Harvard Business School and a BA from Durham University, UK.

**Number of shares in Scatec:** 920

**Number of share options:** 39,388



### Jan Fourie

EVP Sub-Saharan Africa

Jan Fourie became EVP Sub-Saharan Africa in November 2022, after joining Scatec in 2015 and serving as GM for Sub-Saharan Africa since 2016. He previously worked as Senior Electrical Engineer on a variety of power, mining and industrial projects for one of the listed construction majors in South Africa. Fourie holds a Master of Business Administration from the University of Cape Town's Graduate School of Business, and a Bachelor of Electrical Engineering from the University of Stellenbosch.

**Number of shares in Scatec:** 5,480

**Number of share options:** 47,209



### Roar Haugland

EVP Sustainability, HSSE & Quality

Roar Haugland became EVP of EVP Sustainability, HSSE & Quality of Scatec in 2010. He has more than 20 years of experience from leading positions in business development, sales and management from large multinational companies like HP and IBM. Haugland holds a Master of Science in Mechanical Engineering from the Norwegian University of Science and Technology.

**Number of shares in Scatec:** 79,566

**Number of share options:** 83,346



### Pål Helsing

EVP Solutions

Pål Helsing became EVP of Solutions of Scatec in 2015. Helsing was previously President of Kongsberg Oil and Gas Technologies AS and a member of the Kongsberg Group Executive Management Team. Before that, he held several executive positions within Aker Solutions. Helsing holds a Bachelor of Science Civil from Glasgow University and a Business Economics degree from BI Norwegian Business School.

**Number of shares in Scatec:** 6,204

**Number of share options:** 93,720





### Ann-Mari Lillejord

EVP Latin America & Europe

Ann-Mari Lillejord was appointed EVP Latin America & Europe May 2022. Prior to re-joining Scatec in April as SVP Project Development, Lillejord was a partner at HitecVision. She previously held commercial roles for Pareto Project Finance and SN Power in Singapore. Lillejord holds a MSc in Economics and Business Administration from the Norwegian School of Economics (NHH).

**Number of shares in Scatec:** 10,129

**Number of share options:** 43,440



### Siobhan Minnaar

EVP General Counsel

Siobhan became EVP General Counsel 1 February 2023. She came from the role as SVP Legal at Scatec and joined the company back in 2016. She has worked in the renewables industry for more than a decade, having worked on several large-scale renewable projects globally from inception to completion, M&A, all legal aspects related to project financing, project agreements as well as construction and supply chain contracts. Before joining Scatec, Siobhan worked for more than 7 years at Norton Rose Fulbright. Siobhan is South African and lives in Norway. She holds a LLB from the Nelson Mandela Metropolitan University.

**Number of shares in Scatec:** 0

**Number of share options:** 29,499



### Pål Strøm

EVP Operations & Maintenance

Pål Strøm was appointed EVP O&M in November 2022. Strøm was previously SVP of O&M for 5 years with responsibility for scaling and broadening the O&M service function in Scatec. Prior to joining Scatec, Strøm worked in Statkraft for 15 years holding various leadership position within both the Markets and Production divisions of the company. Strøm holds an MSc degree in Electrical Engineering from the Norwegian University of Science & Technology (NTNU) and an Executive MBA from the Norwegian Business school (BI).

**Number of shares in Scatec:** 1,844

**Number of share options:** 54,598



### Mikkel Tørud

EVP Green Hydrogen & MENA

Mikkel Tørud became EVP Green Hydrogen & MENA of Scatec 1 March 2023, after serving as CFO since 2014. Tørud was previously SVP of Business Development and Investor Relations and member of Group Management in REC. Prior to REC he was commercial advisor in BP and management consultant in PA Consulting Group. He has extensive experience from finance, investor relations, and business development. Tørud holds a Master of Science degree in Industrial Economics and Technology Management from the Norwegian University of Science and Technology.

**Number of shares in Scatec:** 227,544

**Number of share options:** 107,994

# Board of Directors



## John Andersen Jr.

Chairman

John Andersen is the CEO of Scatec Innovation AS and has been Chairman of the Board of Scatec ASA since May 2014. He is the former Chief Operating Officer of the REC Group, where he held several executive management positions during his 12 years with the company. Prior to the REC Group, he held various management positions in Borregaard. Andersen holds a Master of Business and Economics from BI Norwegian Business School. In 2022, he was certified to the 'ESG for Boards' course developed by FutureBoards AS and DNV AS.

- **Director in Scatec since:** 2013 (Chairman since 2014)
- **Member of:** Audit Committee, Organisation and Remuneration Committee and ESG Committee
- **Independent of Executive Management**
- **Current Board positions:** Chair of Scatec Innovation AS portfolio companies, including Norsk Titanium AS, REEtec AS, NorSun AS, and TEGma AS
- **Number of shares in Scatec:** 0<sup>1)</sup>
- **Board meetings attended in 2022:** 12/12



## Jan Skogseth

Board Member

Jan Skogseth has more than 35 years of experience from the Oil, Gas and Renewable industries ranging from oil companies to supplier industries, both in Norway and internationally. He was President and CEO for Aibel from 2008 to 2017 and played a key role in establishing new presence and business for the company on several continents. He holds a Master of Science Mechanical Engineering from South Dakota School of Mines and Technology.

- **Director in Scatec since:** 2016
- **Member of:** Organisation and Remuneration Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Gassco AS. Board member: Sparebank 1 SR Bank ASA and Nammo AS
- **Number of Shares in Scatec:** 23,000
- **Board meetings attended in 2022:** 12/12



## Gisele Marchand

Board Member

Gisele Marchand has worked as full time non-executive board member and advisor since 2018. She has extensive top management experience from positions in financial institutions like DNB ASA (VP in charge of corporate and retail banking), the Government Pension Fund (CEO), Eksportfinans ASA (CEO) as well as the law firm Haavind AS (CEO). She has also extensive board experience from the last 20 years in different quoted and non-quoted companies and was former vice chair on the Norwegian Stock Exchange. She holds a Bachelor's degree in Business from Copenhagen Business School. In 2022, she was certified to the 'ESG for Boards' course developed by FutureBoards AS and DNV AS.

- **Director in Scatec since:** 2017
- **Member of:** Audit Committee and ESG Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Gjensidige Forsikring ASA, Norgesgruppen Finans Holding AS, Nationaltheatret AS and Boligbygg KF. Board member: Norgesgruppen ASA, Selvaag Bolig ASA, Eiendomsspar AS, Victoria Eiendom AS, and member of the nomination committee of Entra ASA
- **Number of shares in Scatec:** 3,586
- **Board meetings attended in 2022:** 12/12

<sup>1)</sup> Related parties' control 19,482,339 shares through Scatec Innovation AS  
Note: The number of shares is quoted per year end 2022



## Maria Moræus Hanssen

Board Member

Maria Moræus Hanssen has an extensive experience from the international oil & gas industry, including 6 years as CEO of GdF Suez E&P Norge as, ENGIE E&P International SA (Paris) and DEA AG (Hamburg). She has previously held executive positions in Norsk Hydro, Statoil (Equinor), Aker ASA and served as Deputy CEO and COO for the newly merged Wintershall DEA when she moved back to Norway end of 2019. She holds a Master of Petroleum Engineering from Norwegian University of Science and Technology and Master of Petroleum Economics from IFP School (Paris).

- **Director in Scatec since:** 2020
- **Member of:** Organisation and Remuneration Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Wastefront AS, National Museum of Art (Stiftelsen Nasjonalmuseet for kunst), Winns AS. Board member: MMH Nysteen Invest AS, SLB Limited (previous Schlumberger Limited), Alfa Laval AB and Eco-STOR AS, and Morrow Batteries ASA
- **Number of shares in Scatec:** 5,510<sup>2)</sup>
- **Board meetings attended in 2022:** 11/12



## Jørgen Kildahl

Board Member

Jørgen Kildahl is a Senior Advisor in Energy Infrastructure Partners. He has extensive leadership experience from the energy sector, including more than 5 years as EVP in E.ON SE and 11 years in Statkraft AS, whereof 7 years as CEO of Statkraft Energi AS. He holds a MSc and an MBA from the Norwegian School of Economics (NHH), he is a Chartered Financial Analyst and concluded the Advanced Management Program at Harvard Business School.

- **Director in Scatec since:** 2021
- **Member of:** Audit Committee and ESG Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Ørsted AS, Telenor ASA and Alpiq AG
- **Number of shares in Scatec:** 3,000
- **Board meetings attended in 2022:** 12/12

<sup>2)</sup> Including related parties

Note: The number of shares is quoted per year end 2022



## Espen Gundersen

Board Member

Espen Gundersen is currently a full time non-executive board member. He played a key role in the international growth and expansion of Tomra Systems in 1999 – 2022, where he had various positions, including CFO from 2003 and Deputy CEO from 2009. Previous experience includes positions in Selmer ASA and Arthur Andersen. He holds an MBA from the Norwegian School of Management, Oslo and Certified Public Accountant from the Norwegian School of Economics (NHH). In 2022, he was certified to the 'ESG for Boards' course developed by FutureBoards AS and DNV AS.

- **Director in Scatec since:** 2022 (elected at the Annual General Meeting 29 April 2022)
- **Member of:** Audit Committee and ESG Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Hexagon Purus ASA, Kitron ASA and Kid ASA
- **Number of Shares in Scatec:** 10,000
- **Board meetings attended in 2022:** 8/8



## Mette Krogsrud

Board Member

Mette Krogsrud is currently Consultant in Spencer Stuart International. She has more than 25 years leadership experience from a broad range of roles across industries including former positions as Executive Vice President in Schibsted Group and Managing Director in Korn Ferry Norway. She holds a MSc from Norwegian School of Economics (NHH) and MSc in Organisational Change from Ashridge/Hult Business School, UK.

- **Director in Scatec since:** 2022 (elected at the Annual General Meeting 29 April 2022)
- **Member of:** Organisation and Remuneration Committee
- **Independent of Executive Management and main shareholders**
- **Current Board positions:** -
- **Number of shares in Scatec:** 1,000
- **Board meetings attended in 2022:** 8/8







The Scatec logo features the word "Scatec" in a bold, white, sans-serif font. The letter "S" is stylized with three small, upward-pointing curved lines above its top left stroke. The logo is positioned in the bottom left corner of the page, which has a pink-to-purple gradient background. A large, diagonal, semi-transparent purple shape cuts across the upper half of the image, separating the sky from the desert floor. The background image shows a vast desert landscape with rows of solar collectors under a clear blue sky with a few wispy clouds. The ground is sandy and yellowish-brown. In the bottom right corner, there is a white, pill-shaped graphic element.

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