



# Guidelines for remuneration of Executive Management

Annual General meeting 2024

Approved by the  
Board of Directors March 2024



## 1. General

These guidelines for remuneration of the Executive Management are prepared by the Board of Directors in Scatec ASA (the “**Company**” or “**Scatec**”) in accordance with the Norwegian Public Limited Liability Companies Act (the “**Companies Act**”) section 6-16a, for consideration at the Annual General Meeting on 18 April 2024, according to the Companies Act section 5-6 (3).

The principles for determination of salaries and other remuneration, apply for the Chief Executive Officer, the Chief Financial Officer, and the Executive Vice Presidents of Scatec (together “**Executive Management**”), for the financial year 2024 and until new principles are resolved by the General Meeting in accordance with the Companies Act.

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

Scatec is a leading renewable energy solutions provider, accelerating access to reliable and affordable clean energy in emerging markets, with a vision to improve our future. As a long-term player, Scatec develops, builds, owns and operates renewable energy plants, across four continents today. More information regarding the Company’s strategic priorities can be found in the Company’s annual report and on the Company’s website ([www.scatec.com](http://www.scatec.com)).

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

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

## 3. The main principles of the Company's Guidelines for the remuneration of Executive Management

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

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

Executive Management remuneration shall, as a general guideline, be suited to attract and retain skilled leaders. The salaries for the Executive Management should be comparable, where possible, to those of executives in publicly traded organisations of a similar size and complexity, in Norway or the respective local market.

### 3.2. Executive Management remuneration is to be motivational

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

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

In general, the remuneration consists of five elements:

- Fixed base salary
- Short-term incentives
- Long-term incentives
- Pension and insurance schemes
- Employee share purchase programme
- Benefits in kind

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

Variable remuneration, short-term and long-term, is linked to value generation for shareholders over time. The variable remuneration is determined both by the achievement of individual and companywide goals and key performance indicators (KPIs). It is fundamental that Executive Management, both individually and as a team, have influence over the achievement of the goals and KPIs. The long-term incentives are tied to the development of the share price of the Company.

### 4.1. Variable Incentives

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

The Executive Management are part of a global bonus arrangement and measured against achievement on overall Company goals and KPI's, as well as the Executive's individual performance, including behaviours and leadership.

At a Company level, this includes overall Company goals, objectives, and key financial performance, which is considered to contribute to long-term growth in shareholder value.

At an individual level, goals and KPIs can be linked to the Executive's department, business area or other strategic priorities. The Executive will be assessed on 'what' they have delivered as well as 'how' they have delivered it, in the context of behaviours and leadership against the Company's values. The intent is that the Executive shall have the possibility to influence the performance against goals and KPIs of which part of their bonus shall be tied to.

Throughout the year the validity of the Executives goals and KPIs is continuously assessed and updated in line with ongoing business activities. This may include financial performance, production targets, project pipeline and backlog targets or any other measure considered to contribute to long-term growth in shareholder value. At the end of the performance year, based on a holistic evaluation of in year performance, a final bonus pay-out is determined.

Additionally, a Company threshold exists and determines the payment of the bonus. Threshold assessment includes the overall Company goals, objectives and key financial performance, as well as the objective of being a leading Company within environmental and sustainability, which is considered to contribute to long-term growth in shareholder value.

Through such a structure, the bonus scheme incentivises contribution to the advancement of long-term goals for the Company and ensures the focus on 'what' and 'how' it is delivered. The bonus shall not exceed sixty percent (60%) of annual base salary. Payment is made in March, for the preceding earnings year. Any deferral of bonus payments is subject to approval by the Organisation and Remuneration Committee. Terminations are handled according to the Company global bonus policy. Executives who have submitted their notice of resignation prior to payment in March will no longer be eligible for a bonus pay out. Bonus payment for company initiated contractual terminations are mutually agreed as part of the final settlement based on local legislation and practice. When employment is terminated due to redundancy or retirement, bonus payments are pro-rated for the period of time worked in the earnings year.

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

In the Annual General Meeting in April 2022, the Board of directors confirmed they intend to continue the share option plan following the same principles as previously for the coming three years from January 2023.

Over a three-year period, Executive Management and other key employees may be allocated options corresponding to up to 4,000,000 shares of the Company, equivalent to approximately 2.5 percent of the total outstanding shares.

Annually approximately 1/3 of the options are awarded, with corresponding vesting periods of 12, 24 and 36 months. Outstanding options are cancelled in the event of exit from the Company. The strike price of each annual award is based on the volume weighted average share price of the shares on Oslo Stock Exchange the ten preceding trading days of the grant date. The number of options awarded to each Executive is calculated so that the value of the options is expected to correspond to fifty percent of their base salary based on a predefined share price increase over the tenor of the option plan.

The option plan is designed to create an ownership culture to ensure alignment between the shareholders on the one side and the Executive Management and other key employees on the other. The option plan is an important tool to attract and retain high calibre employees.

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

### 4.1.3. Pension plans and insurance

The Company has established a pension scheme in accordance with the Norwegian Occupation Pension Act. The pension scheme is based on a defined contribution for all Norwegian employees. The pension scheme covers salaries from 0G (1G: NOK 118,620) to 12G (NOK 1,423,440)<sup>1</sup> and is therefore in accordance with Norwegian legislation.

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

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

For Executive members employed outside of Norway, pension plans and insurance are covered by local legislation.

### 4.1.4. Benefits in kind

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

## 5. Conditions for dismissal and severance schemes

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

Agreements may be signed regarding severance pay for the Company's CEO and other members of the Executive Management in order to attend to the Company's needs, at all times, to ensure that the selection of Executives is in commensuration with the Company's needs. Severance schemes shall aim to be set up so that they are acceptable internally and externally. An agreement on severance pay shall, if this is relevant, normally be entered into when establishing employment relationships, but may in special cases also be agreed upon termination of employment.

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

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<sup>1</sup>The Norwegian National Insurance Scheme basic "G" amount as of 01.05.2023

## 6. Executive Management remuneration in other Scatec companies

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

## 7. Senior Management in other jurisdictions than Norway

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

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



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

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

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

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

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

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

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



## 10. Deviation from these guidelines

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

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

## 11. Right to reclaim

All members of the Executive Management accept that the Company can rectify any errors in payment of salary, holiday allowance and any other benefits, including bonus as outlined in respective employment contracts.

Oslo, March 2024

The Board of Directors of Scatec ASA



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