

SCATEC SOLAR GREEN BOND

DNV GL ELIGIBILITY ASSESSMENT

Scope and Objectives

Scatec Solar ASA (henceforth referred to as "Scatec Solar") is an integrated independent power producer that develop, builds, owns, operates and maintains solar power plants.

The company has its headquarter in Oslo, Norway and is currently producing electricity from 322 MW of solar power plants in the Czech Republic, South Africa, Rwanda, Honduras and Jordan and 394 MW are under construction. The company holds a project backlog and pipeline of 1.5 GW under development in the Americas, Africa, Asia and the Middle East.

Scatec Solar is intending to issue a benchmark sized NOK bond (henceforth referred to as "the Bond"). The bond will refinance the existing NOK 500 million bond maturing in 2018 and finance new projects. Use of proceeds will be allocated to Eligible Activities as defined the Scatec Solar ASA Green Bond Framework per 26 October 2017.

DNV GL Business Assurance Services AS (henceforth referred to as "DNV GL") has been commissioned by Scatec Solar to provide a Green Bond eligibility assessment on the Scatec Solar Green Bond. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the Bond, the value of any investments in the Bond, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the Bond has met the criteria established on the basis set out below.

Responsibilities of the Management of Scatec Solar and DNV GL

The management of Scatec Solar has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform Scatec Solar management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by Scatec Solar. DNV GL is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by Scatec Solar management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

We have adapted our green bond eligibility assessment methodology to create a Scatec Solar-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol") - see Schedule 2. Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion. The

overarching principle behind the criteria is that a green bond should “enable capital-raising and investment for new and existing projects with environmental benefits”.

As per our Protocol, the criteria against which Scatec Solar Green Bond has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by Scatec Solar in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an Scatec Solar-specific Protocol, adapted to the purpose of the Bond, as described above and in Schedule 2 to this Assessment;
 - Assessment of documentary evidence provided by Scatec Solar on the Bond and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
 - Discussions with Scatec Solar management, and review of relevant documentation and evidence related to the criteria of the Protocol;
 - Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
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Findings and DNV GL's opinion

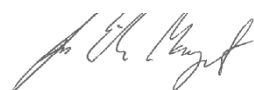
DNV GL's findings are listed below:

- 1. Principle One: Use of Proceeds.** Scatec Solar develop, construct, operate and own solar power plants. All projects are based on photovoltaic solar electricity where 100% of the electricity production is derived from solar energy resources. Scatec Solar's project portfolio reduce and/or avoid the emission of greenhouse gases. Scatec Solar Green Bond Framework defines Eligible Activities related to solar projects and solar project development which is subject for financing from Scatec Solar Green Bond. This includes solar project development, equity investment, engineering procurement construction and operation and maintenance of utility scale solar plants. In DNV GL's opinion, the defined Eligible Activities meet the green bond requirement as set forth in the Green Bond Principles 2017.
- 2. Principle Two: Process for Project Evaluation and Selection.** Scatec Solar Green Bond Framework describes the process for project evaluation and selection. In addition to commercial, technical, regulatory and legal assessment, Scatec Solar conducts an environmental and social impact assessment for all projects to identify and manage potential impact on the environment and local communities. The environmental and social profile from this exercise forms part of the process for project evaluation and selection. Scatec Solar is committed to operate in line with the Equator Principles and the International Finance Corporation (IFC) Environmental and Social Performance Standards. Based on our review of the company reports, policies and project specific information, it is our opinion that Scatec Solar's overall and project specific environmental, social and governance framework appear to be sufficient to identify, manage and report on social and environmental risks from their activities.
- 3. Principle Three: Management of Proceeds.** The Scatec Solar Green Bond Framework describe a sufficient process for the management of proceeds. Proceeds from the new bond allocated to refinancing will immediately be used to pay all outstanding principle amount of the previous bond. Proceeds for new financing will be disbursed into a separate account managed to ensure to proceeds is used for Eligible Activities. Any surplus of unallocated proceeds will be placed on ordinary bank account or in short term money market funds until deployment. Scatec Solar has also demonstrated an overcollateralization of the proceeds from this bond issuance.
- 4. Principle Four: Reporting.** Scatec Solar publish quarterly reports, annual report and sustainability reports expected to cover the needs of the Green Bond Framework 2017 edition. This includes an overview of projects financed by the bond proceeds, the installed capacity of the projects in MW, annual power production in MWh and avoided CO₂ in tons from the solar power plants.

On the basis of the information provided by Scatec Solar and the work undertaken, it is DNV GL's opinion that the Bond meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles.

for DNV GL AS

Høvik, October 30, 2017



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About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

1 SCHEDULE 1: DESCRIPTION OF CATEGORIES/ASSETS TO BE FINANCED THROUGH BOND

The following table outline the projects subject for refinancing and financing in Scatec Solar's Green Bond based on information from Scatec Solar and DNV GLs review of Scatec Solar internal excel sheet documentation termed "use of proceeds".

Location	Capacity (MW)	Annual production (GWh)
Under construction		
Malaysia	197	282
Brazil	162	305
Honduras (phase I)	35	73
Backlog		
Egypt	400	870
South Africa	258	645
Mozambique	40	77
Mali	33	60
Honduras (phase II)	18	37
Total	1,143	2,349

SCHEDULE 2: SCATEC SOLAR-SPECIFIC GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Standard Green Use of Proceeds Bond • Green Revenue Bond • Green Project Bond • Green Securitized Bond 	<p>Review of:</p> <ul style="list-style-type: none"> • Scatec Solar Green Bond framework • Interview with Scatec Solar management and staff • Scatec Solar Green Bond Term Sheet "Final Draft". 	<p>The bond falls into the category of Standard Green Use of Proceeds Bond.</p>
1b	Green Projects	<p>The cornerstone of a Green Bond is the utilization of the proceeds of the bond for Green Projects, which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> • Scatec Solar Green Bond framework • Scatec Solar internal excel sheet documentation termed "use of proceeds" • Interview with Scatec Solar management and staff • Power purchase agreements (PPA) from: <ul style="list-style-type: none"> ○ Malaysia ○ Honduras – Los Prados ○ Mozambique – Mocuba ○ Egypt – Benban 	<p>Scatec Solar Green Bond Framework defines Eligible Activities for use of proceeds solely to finance solar power plants and activities related to the development, operation, management and ownership of such projects.</p> <p>Eligible Activities for this bond is: Solar project development, equity investment into solar power projects, engineering procurement construction (EPC) and operation and maintenance of utility scale solar plants. The Framework defines solar project development activities to include e.g. securing land arrangements, securing power grid connection, securing required permits, conducting environment and social impact assessments (ESIAs), construction of grid and other required infrastructure, securing power purchase agreements, engineering and design of the power plants, as well as securing equity and debt financing of the solar plants.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
			<ul style="list-style-type: none"> • Appointment as a Preferred Bidder in respect of the Dyason's Klip 2 Project, in tender DOE/OO3/12/14 of the South African Department of Energy's Renewable Energy Independent Power Producer Procurement Programme. • Installation licenses from Superintendência Estadual do Meio Ambiente (Semace) in Brazil • IFC project information portal - Investment Information on Segou solaire – Mali. https://disclosures.ifc.org/#/projectDetail/SII/35853 	<p>DNV GL furthermore confirmed the presense of projects subject for refinancing by reviewing Power Purchase Agreements, all of which was stamped and signed by an appropriate authority. DNV GL has also sampled documentation confirming existing processes related to three new projects which could be subject for new financing from the bond.</p> <p>In DNV GL's opinion, the defined Eligible Activities meet the intended green bond performance level requirement set forth in the Green Bond Principles.</p>
1c	Environmental benefits	All designated Green Projects should provide clear environmental benefits, which will be assessed and, where feasible, quantified by the issuer.	Review of <ul style="list-style-type: none"> • Scatec Solar Green Bond framework • Interview with Scatec Solar management and staff • Climate Bond Initiative taxonomy • Scatec Solar Annual Report 2016 	<p>Solar energy is a clean energy source with clear environmental benefits over electricity production from fossil energy sources. The environmental benefits of solar energy is within Scatec Solar Green Bond framework assessed in terms of installed capacity (MW), power production (MWh) and reduced and/or avoided CO₂ emissions. The calculation of reduced CO₂ emission is derived on the basis of generated Certified Emission Reductions (CERs) under the UNFCCC. For the remaining projects, Scatec Solar use an internal methodology to calculate avoided CO₂ emissions. In 2016, the company report to have reduced/avoided 660,000 ton CO₂ from their total electricity production.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				In DNV GL’s opinion, the investments defined under Scatec Solar Green Bond provide clear environmentally sustainably benefits.
1d	Refinancing share	In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced, and, to extent relevant, the expected look-back period for refinanced Projects..	Review of: <ul style="list-style-type: none"> • Scatec Solar Green Bond framework • Scatec Solar internal excel sheet documentation termed “use of proceeds” • Interview with Scatec Solar management and staff 	In this Green Bond issuance, Scatec Solar has provided documentation to DNV GL demonstrating an estimate of the share of the bond proceeds which is subject for refinancing and financing of new investments.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Investment-decision process	The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility	<ul style="list-style-type: none"> • Scatec Solar Green Bond framework • Scatec Solar internal excel sheet documentation termed “use of proceeds” 	Scatec Solar Green Bond Framework describes a process for project evaluation and selection. As part of the project evaluation and selection, Scatec Solar conduct an environmental and social impact assessment for all projects to

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		of projects using Green Bond proceeds.		<p>identify and manage potential impact on the environment and local communities. Scatec Solar is committed to operate in line with the Equator Principles and the International Finance Corporation (IFC) Environmental and Social Performance Standards. Based on our review of the company reports, policies and project specific information, it is our opinion that Scatec Solar’s overall and project specific environmental, social and governance framework appear to be sufficient to identify, manage and report on social and environmental risks from their activities.</p> <p>It is DNV GL’s opinion that this process fulfil the recommendations of the Green Bond Principles.</p>
2b	Issuer’s environmental and social and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.	<p>Review of:</p> <ul style="list-style-type: none"> • Sustainability policy 2017 • Global Ethics Policy • Supplier conduct principles • Health, Safety, Security and Environment (HSSE) policy • Human resource policy • Sustainability report • Annual report 2017 • Quarterly report Q3 2017 • Webcast Quarterly presentation <p>Samples of environmental and social assessment, management and monitoring on project level:</p> <ul style="list-style-type: none"> • Environmental & Social progress Report and Environmental-Social-Health- 	<p>Scatec Solar’s has in place an environmental and social governance framework and the company is commitment to operational excellence within HSE and compliance with national, regional and international laws and regulations. Scatec Solar also adhere to the IFC performance standards and the Equator Principles.</p> <p>All of Scatec Solar operating units must establish a site specific HSE plan, based on a standardised and comprehensive format as established by corporate HQ. Key HSE topics and indicators are included in progress reports from each site. Scatec Solar demonstrate follow-up on HSE assessments, and closing of deviations.</p> <p>Based on information provided by Scatec Solar management, Scatec Solar builds solar power plants using recongised industry standards (such as IEC 61730, IEC 61215, ISO 2859, CBTL laboratories, UL (USA) and CE (EU) at global level etc.).</p> <p>Scatec Solar conduct an environmental and social impact assessment (ESIA) as part of their project development process. The assessments identify potential impact on the environment and</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
			<p>Safety Audit Report of the Oryx Solar PV Project</p> <ul style="list-style-type: none"> • ESIA, E&S construction Monitoring Report and E&S impact Management Plan of the Los Prados Solar PV project in Honduras • ESIA of the PV solar project in Malaysia • E&S impact Management Plan of the PV solar project in Brazil <p>Samples of the regular HSE reporting documentation such as:</p> <ul style="list-style-type: none"> • Environmental-Social-Health-Safety Audit Report of the Oryx Solar PV Project • Monthly progress September 2017 of Los Prados Solar PV project in Honduras <p>Example of industry standards used by Scatec solar (IEC 61730, IEC 61215,)</p>	<p>communities surrounding the site and suggest an appropriate management of material impacts. The assessments are carried out by an accredited and independent third party.</p> <p>It should be noted that, generally, the development, construction and operation of a solar power plant rarely involve material environmental or social risks, hence most projects have been determined within the "Category B" impact category under Equator Principles reviews. Still, in certain areas, the local stakeholder situation is very complex. Scatec has experienced civil unrest at the Los Prados Project in Honduras, in conjunction with construction start up. However, ESIA and impact Management Plan demonstrate and document Scatec Solar's engagement with local communities and implementation of initiatives of social projection to meet basic needs in critical social areas (infrastructure, education and health), through the fulfilment of the social compensation agreements. Progress report document community projects in the communities with civil unrest. Scatec Solar is currently working out of its Community Relations Office with local authorities, community members and utility to resolve the situation. The project's social team with the Social and the Community Liaison Officer continues working to ensure that the prioritized projects are successfully implemented in all communities, supported by the Corporate Sustainability team, based in Oslo, Norway.</p> <p>Scatec Solar's sustainability report prioritize material issues within three categories: Delivering competitive renewable energy, contributing to local value creation, and being a trusted business partner. Scatec Solar show a commitment to prioritised areas with concrete policy such as employing World Bank's International Finance Corporation (IFC) performance standards for stakeholder engagement, and assigning a Community Liaison Officer (CLO) who is responsible for community engagement in all projects. Scatec Solar also follow up each material category with a description of</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>actions and results.</p> <p>We have conducted a high-level review of Scatec Solar and a selection of monitoring and compliance reports issued by the company. We have found no evidence to suggest that Scatec Solar have been operating in breach of national or local environmental regulations.</p> <p>We found no evidence that Scatec Solar’s environmental, social and governance framework is not in line with good practice of the industry in which it operates.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of the Green Bond, or an amount equal to these net proceeds, should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the Issuer in an appropriate manner, and attested to by the Issuer in a formal	<p>Review of:</p> <ul style="list-style-type: none"> Scatec Solar Green Bond framework Scatec Solar internal excel sheet documentation termed “use of proceeds” Interview with Scatec Solar management and staff 	<p>Scatec Solar has informed that proceeds from the new bond allocated to refinancing will immediately be used to pay all outstanding principle amount of the previous bond. Proceeds for new financing will be disbursed into a separate account managed to ensure to proceeds is used for Eligible Activities.</p> <p>DNV GLs opinion is that this is aligned with the recommendations in the Green Bond Principles.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		internal process linked to the Issuer's lending and investment operations for Green Projects.		
3b	Tracking procedure	So long as the Green Bond is outstanding, the balance of the tracked proceeds should be periodically adjusted to match allocations to eligible Green Projects made during that period.	Review of: <ul style="list-style-type: none"> • Scatec Solar Green Bond framework • Interview with Scatec Solar management and staff 	Scatec Solar has informed that the Chief Financial Officer (CFO) has delegated the authority to the treasury function to ensure that these proceeds are only used for Eligible Activities in line with the Green Bond Framework. Scatec Solar have committed tracking the outstanding balance of proceeds inline with the GBP. In DNV GL's opinion, this procedure is aligned with the recommendations in the Green Bond principles.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary placement for the balance of unallocated investment instruments for the balance of unallocated proceeds.	Review of: <ul style="list-style-type: none"> • Scatec Solar Green Bond framework • Interview with Scatec Solar management and staff 	Scatec Solar has informed that any surplus of unallocated proceeds will be placed on ordinary bank account or in short term money market funds until deployment. In DNV GL's opinion, this level of transparency concerning temporary holdings meet the recommendation in the Green Bond Principles.
3d	Over-collateralisation	The company shall demonstrate that the	Review of: <ul style="list-style-type: none"> • Scatec Solar Green Bond 	Scatec Solar has disclosed internal documentation showing a project pipeline for new financing eligible under the bond which

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		<p>value of the bond is smaller than or equal to the financing needs of the eligible nominated projects. A comparison of the outstanding principal of the bond to the value of the financing needs of the nominated projects should be made. The bond should be "over-collateralised" and/or a replacement project list should be drawn up.</p>	<p>framework</p> <ul style="list-style-type: none"> • Scatec Solar internal excel sheet documentation termed "use of proceeds" • Interview with Scatec Solar management and staff 	<p>demonstrated an overcollateralization of minimum 130% of the proceeds from this bond issuance.</p>

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and as necessary thereafter in the event of material developments. This should include a list of the Projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</p>	<p>Review of:</p> <ul style="list-style-type: none"> • Scatec Solar Green Bond framework • Interview with Scatec Solar management and staff 	<p>Scatec Solar publish quarterly reports, annual report and sustainability reports expected to cover the needs of the Green Bond Principles.</p> <p>This includes an overview of projects financed by the bond proceeds, and the reporting of the share of the bond issuance which has been subject for refinancing and financing, the allocation of the installed capacity of the projects in MW, annual power production in MWh and avoided CO₂ in tons from the solar power plants.</p>