

Arendals Fossekompani

Sustainability report 2021

Part of Annual report 2021



AFK

Sustainability Report 2021

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Letter from Chief
Sustainability Officer

Enabling the green transition

In January 1896, Arendals Fossekompani was established to harness the energy from an everlasting natural resource; water. 126 years later, we remain a proud producer of hydropower. Acting in accordance with nature, is part of our DNA. For us, sustainability is not a megatrend, it is what we are and what we do. We honor a proud heritage based on the belief that natural resources also belong to future generations.

Arendals Fossekompani is more than a producer of hydropower. We are a green-tech investment company and owner of energy and technology companies which enable the transition to a green economy. We seek a sustainable market to support a sustainable world. Our portfolio companies help their customers utilize their resources in a more sustainable way, and provide technology, systems and solutions that make energy from renewable sources increasingly accessible and usable.

In 2021 we have taken great steps on our journey towards being a preeminent company within responsible investments and sustainability reporting. Inspired by the GRI reporting framework, we carried out a double materiality analysis. An initial assessment of the EU Taxonomy gave us an indication of the taxonomy eligibility and alignment of our portfolio. We are proud of the fact that three out of our five portfolio companies now publish their own sustainability reports.

Together with our partners, Ferd and Grieg, we have established two joint ventures, Seagust and North Ammonia, both well positioned to support the green transition, focusing on offshore wind and green ammonia. We further divested our former portfolio company Cogen Energia, from which came a majority of our direct CO2 emissions.

2021 marks the year where we set our climate ambitions to be in accordance with the Paris Agreement, with a goal of 50% reduction of scope 1 and scope 2 emissions in 2030. A roadmap to achieve this target will be one of our key focus areas for 2022.



At Arendals Fossekompani we value our employees. Our goal is to be a preferred employer with a motivated workforce. We believe that being part of a bigger purpose, working for a more sustainable world, brings more value and motivation to our employees. I am beyond proud of our teams' achievements during another challenging year marked by the pandemic.

Arendals Fossekompani has high ambitions. We continue to develop green tech companies for the future. Sustainability will remain crucial for growth, and we seek to continuously improve also within environmental, social and governance (ESG) issues. We appreciate feedback from our stakeholders and always work for continuous improvement.

For information about the sustainability report and its content, please contact Chief Sustainability Officer, Ingunn Ettestøl.

"Acting in accordance with nature, is part of our DNA. For us, sustainability is not a megatrend, it is what we are and what we do."

Ingunn Ettestøl
Chief Sustainability Officer

The Sustainability Team

Collaboration for a sustainable future



The AFK Sustainability Team was established in 2020. In 2022 the team comprises seven engaged and ambitious people, committed to improving the way Arendals Fossekompagni addresses environmental, social and governance issues. The team cooperates with a network of highly skilled people in the AFK portfolio companies.

Ingunn Ettestøl
Chief Sustainability Officer
PhD Electrical Engineering

Ingunn has recently acquired a small farm which suits her passion for growing vegetables. She is the head of the ESG team and excited to see the team grow.

Magnus Johansen
Business Developer
MSc Industrial Economics

Magnus is a champion for refurbishment, including everything from furniture to old gaming consoles. The electric kick scooter is his best friend.

Kirsti Homstøl
Business Developer
MSc Renewable Energy

Being the owner of a bee farm, Kirsti is our in-house supplier of honey. She is also a vegetarian every other month.

Simen Bekkedal
Trainee
MSc Industrial Economics

Simen is always looking for a good deal on used items online. Last year, he bought an electric bike which he rides to work.

Hanne Nyborg Watts
Senior Advisor
Sustainability & Communications
MSc Innovation & Entrepreneurship

Hanne knows Arendal best from the seaside, as she cruises the archipelago by sailboat. She is passionate about volunteer work and leads our community engagement initiatives.

Kari-Anne Slaaen
VP People and Culture Alytic
Cand.polit Counselling

Our expert in the social dimension of ESG, Kari-Anne grows vegetables and berries in her garden. The fruits are equally shared between her family and a visiting flock of deer.

Arne Roger Janse
Communications Advisor
MBA Strategic Management

Arne Roger usually rides a bus to Arendal from Kristiansand where he lives. He pushes the team to communicate better.

Sustainability highlights 2021



Ethical business conduct

WHISTLEBLOWING

An internal whistleblowing channel has been implemented and communicated in the AFK Parent Company.

CODE OF CONDUCT

AFK has updated its Code of Conduct and has issued a nanolearning course to train its employees.

EQUALITY AND ANTI-DISCRIMINATION ACT

AFK has carried out a project and finalized its first reporting according to the Norwegian Equality and Anti-Discrimination Act.

SUPPLY CHAIN

A project to assess business ethics in the supply chains of AFK's portfolio companies has been carried out.



Responsible investment & optimizing the portfolio companies

CLIMATE ACTION

A greenhouse gas emissions reduction target has been established for AFK Parent Company, in line with the Paris Agreement, and approved by the Board of Directors. Our goal is to reduce scope 1 and 2 emissions by 50% by 2030, compared to 2021.

CLIMATE RISK

Based on TCFD recommendations, a thorough assessment of the potential risks and opportunities in our portfolio has been conducted.

EU TAXONOMY

Based on our initial 2021 assessment of the EU Taxonomy, the portfolio shows high eligibility. All future investments shall be aligned with the six EU environmental objectives.

DIVESTMENT

Through divestments, the AFK Group emissions were reduced by 98% in 2021.



A great place to work

SAFETY

Arendals Fossekompni has a high focus on HSSE, and had no serious work-related injuries during 2021.

EQUALITY

AFK has a pronounced focus on gender equality and achieved a share of 30% women in our boards in 2021. Our goal is to have at least 40% women on our boards, in C-suite positions and in the total workforce.

TALENTS

AFK prioritizes career development and offers trainee positions to local talents.

HUMAN RIGHTS

AFK is committed to respecting human rights, and we expect the same from our suppliers.



Community engagement

LØKHOLMEN

Formerly an industrial area, Løkholmen has been transformed into a popular green islet for recreational activities.

CANALS IN ARENDAL

AFK supports re-establishment of canals through the centre of Arendal City.

SPONSORSHIPS

AFK is a proud sponsor of local sports teams, including children and junior teams.

ARENDALSUKA

AFK has supported Arendalsuka, a national meeting place for politics and business, since its establishment in 2012.

Part I

Sustainability in AFK

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Reporting framework

Integrity and guidelines

SUSTAINABILITY ASSURANCE

To ensure transparency and reliability of the reported GRI disclosures, including GHG emissions, an external, limited assurance has been carried out by PwC. A statement on the assurance is available as an appendix to this report.

Reporting frameworks are essential for working with sustainability. Widely adopted, global frameworks ensure a common language to measure and report on progress and issues. They allow investors, banks, governments, and companies to track and compare the performance of companies' sustainability work. Arendals Fossekompni's annual report draws inspiration from several global reporting frameworks. By 2023, AFK shall have extensive, ongoing reporting in accordance with Global Reporting Initiative (GRI) or another relevant reporting regime for companies listed on the Oslo Stock Exchange.

FOCUS ON TRANSPARENCY

Arendals Fossekompni is a transparent and trustworthy company. Over the past few years, our sustainability and social responsibility efforts have become more known. We have achieved this through the publication of an increasing set of ESG-related documents, including a company Code of Conduct, a Supplier Code of Conduct, important policy documents and our Annual Sustainability Report. This reporting regime has also been adopted by our portfolio companies. We are proud of the fact that three of our portfolio companies, Volue, Tekna and EFD Induction, have published their own sustainability reports for 2021.

Sustainability ratings



CDP
Carbon
Disclosure project

Climate Disclosure Project (CDP) is an international reporting framework for companies to manage their environmental impacts. It is aimed at increasing transparency and providing an intuitive performance score based on companies' climate action.⁴ 2021 marked the first year AFK publicly disclosed its environmental impacts to CDP.

⁴ www.cdp.net

AFK was awarded a score B in 2021.

ESG 100

Each year, the independent research and advisory firm The Governance Group makes a rating of the 100 largest companies on the Oslo Stock Exchange. The ranking is based on analysis of companies' sustainability reports.

AFK was awarded a B- score in 2021.

Sustainability networks



UN
Global Connect

AFK joined UN Global Compact in 2020, and thus, became part of the most important global network for a more sustainable future. The membership is a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. AFK reports on the UN Global Compact's ten principles for business policies for human rights, labour, environment, and anti-corruption.

The annual report should be regarded as our Communication on Progress (CoP), qualifying for the GC Active level.



Klimapartnere

In February 2022, AFK joined Klimapartnere, a Norwegian partnership organisation that seeks to ensure emission reduction and green value creation through close collaboration across the private and public sector. Through the partnership agreement, AFK is committed to increasing transparency and contributing to the network by sharing our knowledge and experiences related to environmental issues.

Reporting framework

Frameworks

REPORTING BOUNDARIES:

The consolidation approach chosen for all GRI disclosures, including GHG emissions, in this report is the equity share approach.



GRI
Global Reporting Initiative

Arendals Fossekompani and portfolio companies report on material impacts regarding a variety of ESG issues, such as climate change, health and safety, and corporate governance, inspired by the Global Reporting Initiative (GRI) recommendations.

GRI's mission is to enable organisations to be transparent and take responsibility for their impacts, enabled through the world's most widely used standards for sustainability reporting – the GRI Standards.¹



TCFD
Task Force on Climate-related Financial Disclosures

First launched in 2015, the Task force on Climate-related Financial Disclosures (TCFD) recommendations have become best practice for how to manage and report on climate risks and opportunities.² The purpose of this standard is to give investors more knowledge on the financial impacts of climate-related issues, based on the four core recommendations: Governance, Strategy, Risk management, and Metrics and Targets.

Over the course of 2020 and 2021, a climate risk analysis, including an assessment of different climate scenarios, has been carried out for the AFK portfolio, based on TCFD recommendations.



SASB
Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board provides a set of industry-specific standards that are used to guide the disclosure of financially material sustainability information for AFK.³

¹ www.globalreporting.org

² www.fsb-tcfd.org

³ www.sasb.or

United Nations Sustainable Development Goals

Arendals Fossekompani supports the United Nations Sustainable Development Goals (SDGs). We have chosen six SDGs where we think we can make the largest positive contribution.

Our portfolio companies have chosen SDGs independently of this.



EU Taxonomy

The imminent threat of global warming calls for immediate action. According to a 2018 report by the Intergovernmental Panel on Climate Change (IPCC), limiting global warming to 1.5°C will require \$3.5 trillion in annual investments. The European Union's response to this urgent challenge is the European Green Deal (EGD), which offers a roadmap to guide the EU towards climate neutrality by 2050. Central to the EGD is the EU Taxonomy. The EU Taxonomy is a new, uniform classification system intended to guide investments towards sustainable activities, increase transparency and counteract greenwashing.

The EU Taxonomy addresses several aspects of environmental impact. Six overarching environmental objectives are established for the Taxonomy:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems.

For an investment to be considered aligned with the EU Taxonomy, the following is required:

- A. Substantial contribution to one of the six environmental objectives;
- B. Doing no significant harm to the other five objectives, and;
- C. Meeting the minimum social and governance safeguards (e.g. the OECD Guidelines on Multination Enterprises)

For an activity to be deemed Taxonomy-eligible, only the substantial contribution criteria must be met. The substantial contribution criteria, also known as the Technical Screening Criteria (TSC), are currently only established for two environmental objectives: climate change mitigation and climate change adaptation. Complete TSC for all six objectives will be presented in 2022.

Sustainability priorities

Materiality analysis

STAKEHOLDERS

- Investors
- NGOs
- Peers
- Civil Society
- Regulators
- Employees

AFK Parent Company carried out a double materiality analysis in 2021. The purpose of the analysis was to get a holistic approach to risk and opportunities, as well as a clearer view of AFK's stakeholders.

The materiality analysis can be divided into three parts:

1. An assessment of stakeholders, including in-depth stakeholder interviews
2. An assessment of AFK's impact on ESG factors
3. An assessment of how megatrends shape and impact AFK

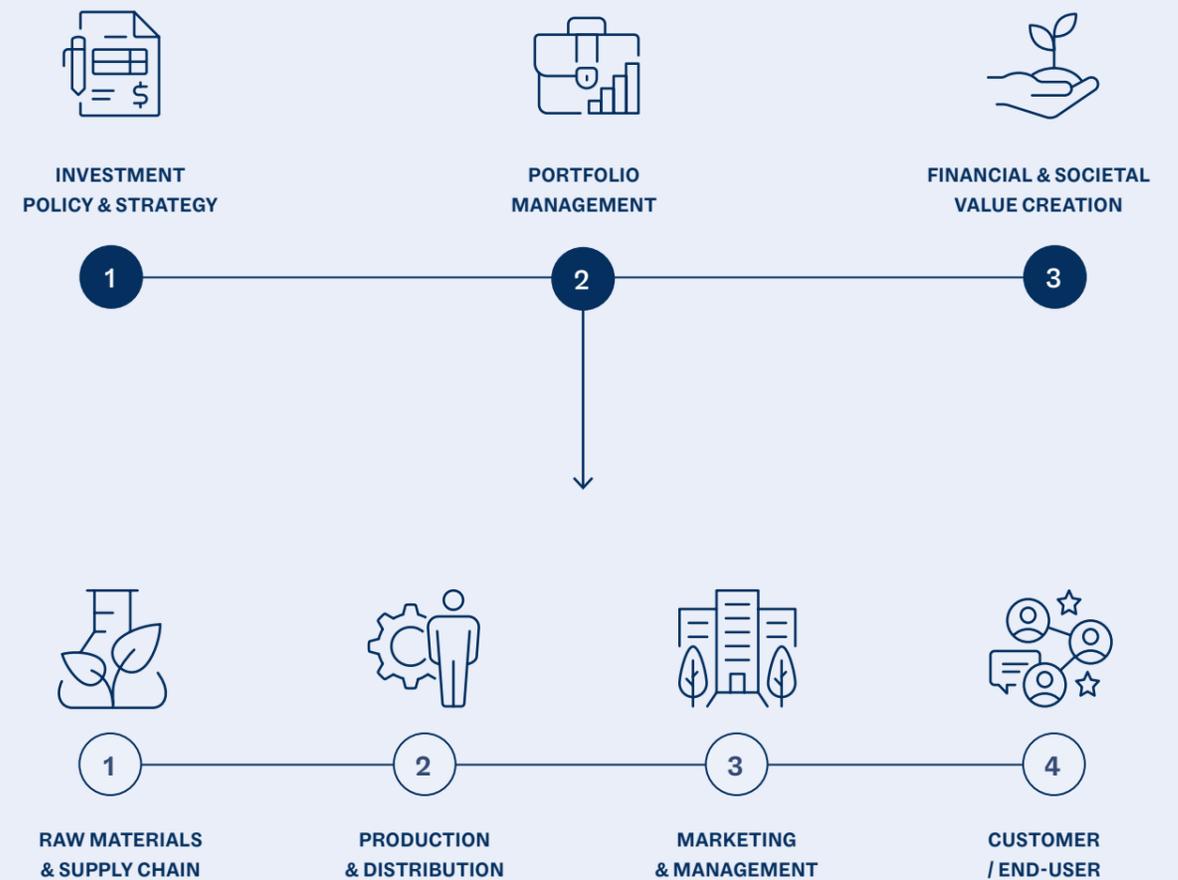
The outcome of the analysis was a detailed overview of AFK's stakeholders and their expectations, a consequence vs likelihood matrix, where AFK's material topics were singled out, and the identification of five strategic focus areas to guide AFK's ESG strategy.

AFK is continuously engaging with its stakeholders. This is important because it gives us a representative overview of the expectations of those around us and ensures that we are on the right track. The method of engagement varies between the different stakeholders. Generally, we engage through in-depth interviews, regular meetings and dialogue, and our annual and quarterly reports.

The results from the stakeholder analysis have provided AFK valuable insights into our stakeholders' expectations regarding ESG topics and also confirms our alignment with these expectations. The most material topics addressed were EU taxonomy alignment, climate targets, community engagement and superior quality in sustainability reporting. Inputs from our stakeholders has impacted the selection of our strategic focus areas.

Primary and secondary value chain

To analyse AFK's ESG impacts, we evaluated each activity of our primary and secondary value chain, and defined material risks and opportunities. This assessment has been inspired by the GRI reporting framework and TCDF recommendations, according to best practice. A GRI Index is provided as an appendix to this report.



Sustainability priorities

Consequence vs likelihood

Based on the analyses of AFK's stakeholders and the primary and secondary value chain, a consequence vs likelihood matrix has been created to define the material topics for AFK.

RISKS

- Failure to meet potential legal requirements and stakeholder expectations.
- Potential gap in ambitions between AFK parent company and portfolio companies.

OPPORTUNITIES

- Increased demand for our green technologies.
- Active ESG management.
- Transparency through non-financial disclosures.

Strategic focus areas

The last outcome of the materiality analysis is the identification of five strategic focus areas that will guide AFK's ESG strategy moving forward; Ethical business conduct, responsible investments, optimizing the portfolio companies, a great place to work and community engagement.

Our commitments to the SDGs have been tied in with these strategic focus areas to further emphasize how they are addressed. We have chosen SDGs 5, 8 and 13 in order to manage how we work to improve our operations. SDGs 7, 9 and 12 are chosen to address how we work to reduce negative impact on society.

STRATEGIC FOCUS AREAS



ETHICAL BUSINESS CONDUCT



- Comply with regulatory requirements (e.g the Norwegian Transparency Act, EUs Corporate Sustainability Reporting Directive).
- Meet investor and portfolio company expectations.



RESPONSIBLE INVESTMENTS



- Contribute to value creation.
- Attract investors and longterm shareholders.
- EU taxonomy eligibility of investment objects.



OPTIMIZE PORTFOLIO COMPANIES



- Manage potential negative impacts on the environment.
- Contribute to value creation.
- Strengthen ESG performance in portfolio and capture opportunities related to the green transition.



A GREAT PLACE TO WORK



- Ensure employees satisfaction and retention.
- Attract talent.
- Comply with regulatory requirement.



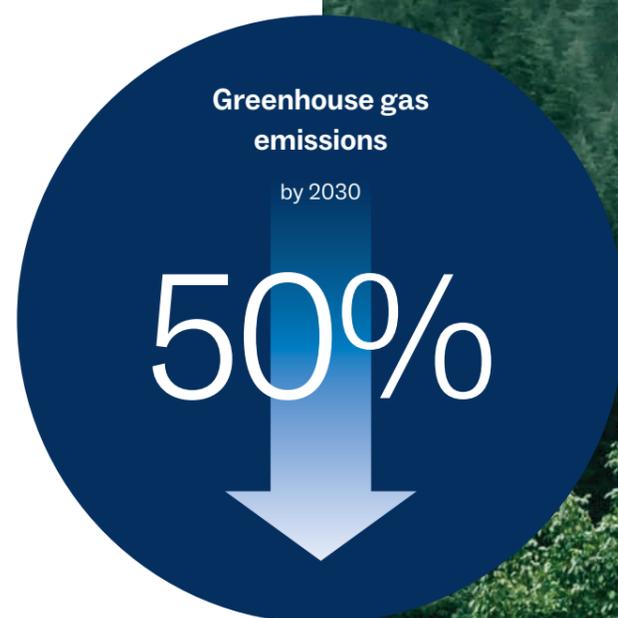
COMMUNITY ENGAGEMENT



- Stakeholders clearly state the importance of community engagement.
- Strong local presence.
- A detailed strategy for community engagement will be developed in 2022.

Sustainability priorities

Climate action



Based on the assessment of climate risks and opportunities, AFK developed an ambitious target to limit our negative climate impacts. The target is approved by the Board of Directors. A roadmap that outlines how we will achieve our targets will be developed in 2022, based on the Science-based Target initiative (SBTi). Several of our portfolio companies have already made similar pledges.

Arendals Fossekompni is committed to climate targets aligned with the Paris Agreement. Our target is to reduce greenhouse gas emissions from our scope 1 and 2 by 50 percent by 2030, compared to 2021.

TCFD DISCLOSURE

The Arendals Fossekompni environment, social and governance issues are regularly on the agenda of the Board of Directors, the Audit Committee and the management team. The Board of Directors has the highest decision-making responsibility, and approves the strategy and targets, including sustainability and climate-related topics.

AFK conducted a climate risk assessment following the TCFD recommendations in both 2020 and in 2021. This provided important information about the company's climate-related risks and opportunities. This is a step in the process of integrating climate-related risks in the company's overall risk management process.

Arendals Fossekompni measures GHG emissions according to the GHG protocol, including scope 1, 2 and material categories within scope 3. Arendals Fossekompni will develop a roadmap for reduction of GHG emissions according to Science-based targets in 2022. The long-term ambition is to meet reduction targets set in the Paris agreement.

Ethical business conduct

Responsible business

The Norwegian Corporate Governance Board ("NCGB" or "NUES") issues the recommendation on corporate governance for companies listed in Norway.

The OECD Guidelines for Multinational Enterprises are recommendations from governments to multinational enterprises on responsible business conduct. The OECD Guidelines set standards for responsible business conduct across a range of issues, such as human rights, labor rights and the environment.

Sustainability is embedded in the company culture of Arendals Fossekompani. Our values, collaborative, dynamic, responsible and long-term perspective, are at the core of how we operate and navigate in our daily operation.

Arendals Fossekompani established its own sustainability team in 2020. The team is cross-functional with seven members, all of whom work together on strategic improvement projects related to sustainability. The team is headed by the Chief Sustainability Officer, who is a part of the Executive Management Team reporting directly to the Board of Directors. When relevant, both the Executive Management Team and the Board of Directors review specific sustainability topics, including HSSE, anti-corruption, ICT security and environmental impact and governance. The ESG Director also reports to the AFK Audit Committee. One of the Audit Committee's purposes is to guide AFK's work within governance, risk and compliance. The Audit Committee supports the Board of Directors. Topics related to governance and compliance are on the agenda of the Audit Committee in most meetings. Following the materiality analysis, climate risk analysis, and improved governance and reporting structures, all conducted in 2020, several improvements have been achieved.

The overall target is to integrate ESG in our daily operating model, both for AFK and our portfolio companies. The work we do on compliance and improvement of policies and guidelines, is according to the OECD Guidelines for Multinational Enterprises. The OECD Guidelines are also supported by the investment strategy in M&A processes and AFK's Green Bond Framework.

"Arendals Fossekompani has a long-term horizon for all investments. Good governance and evaluation of risk and opportunities are essential to being a successful industrial investment company."

Jon Hindar
Chairman

Ethical business conduct

Performance and targets

Ethical business conduct is essential for being a trusted business partner. In 2021, we initiated several important projects to increase transparency and open reporting on progress and results.

Performance and KPIs

KEY RESULTS IN 2021

In 2021, AFK launched its internal whistleblower channel, based on the whistleblower policy that was updated in 2020. The whistleblower channel was communicated to all employees in the AFK Parent Company. There were zero incidents reported in 2021.

AFK joined UN Global Compact in November 2020. In 2021, we reported on our first Communication on Progress (CoP) at the GC Active level.

A nanolearning course was distributed to all employees in the AFK Parent Company, giving training in the AFK code of conduct.

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REPORTED INCIDENTS OF DISCRIMINATION

87%

EMPLOYEES SIGNED CODE OF CONDUCT



BE MORE TRANSPARENT



Code of conduct, whistleblower policy and supplier code of conduct have been published on our webpage.

EVALUATION OF GOVERNANCE ACCORDING TO OECD PRINCIPLES



Our governance documents have been updated in accordance with changes in law and OECD principles.

TRAINING SYSTEM IN POLICIES & POLICY DOCUMENTATION



A nanolearning course, training our employees in policies and policy documentation, was conducted.

IMPLEMENT COMMON RISK SYSTEM



Common risk based system for evaluation of suppliers was made, and evaluation sent out.

AFK goals and self-assessment of goal achievement.

Responsible investment

Responsible investment

As an industrial investment company, AFK is constantly looking for new investments and M&A opportunities. AFK invests in technology related companies in which we can significantly impact long-term value creation. Potential new joint ventures, investments and M&A candidates will be evaluated related to AFKs responsible investment scope and screening process.

Arendais Fossekompani is looking for investments related to the three core sectors where we have our strengths and competences: Digitalization, electrification and green energy.

Digitalization is one of the important pillars for EU to transform its economy. For AFK's investment candidates related to digitalization, the criteria of do no significant harm (DNSH) is essential.

New investments related to electrification and materials - and green energy - must meet a wider set of investment criteria. AFK investments in these sectors should show a potential to contribute to, or to be transformed to contribute to, one of the six environmental objectives defined by the EU Taxonomy, as well as the DNSH criteria.

The investment should do no significant harm to the other five objectives, and; the investment should meet minimum safeguards (OECD Guidelines etc).

To ensure that all new investments and joint ventures comply with our standards related to ethical business conduct we have established an onboarding process for all new investments. The key element in the onboarding process is to perform a materiality analysis according to the GRI standard.



People

- Keeping people connected, mobile and secure
- Electrification and materials
- Green energy



Planet

- Solutions for climate change mitigation and adaptation
- Energy and resource efficient solutions
- Green energy



Prosperity

- Secure, innovative and reliable solutions
- Electrification and materials
- Green energy

Digitalisation

alytic

voLue

NSSLGlobal

Electrification and materials

TEKNA

EFD INDUCTION

BEYONDER

NorSun

Green energy

n^orth ammonia

AFK Hydropower

SEAGUST

Vergia

**Responsible
investment**

Green financing

AFK's Green Bond Framework is aligned with the Green Bond Principles published by the International Capital Market Association (ICMA). It defines investments eligible for financing by green bonds issued by AFK. In addition, this Green Bond Framework outlines the process used to identify, select and report on eligible projects.

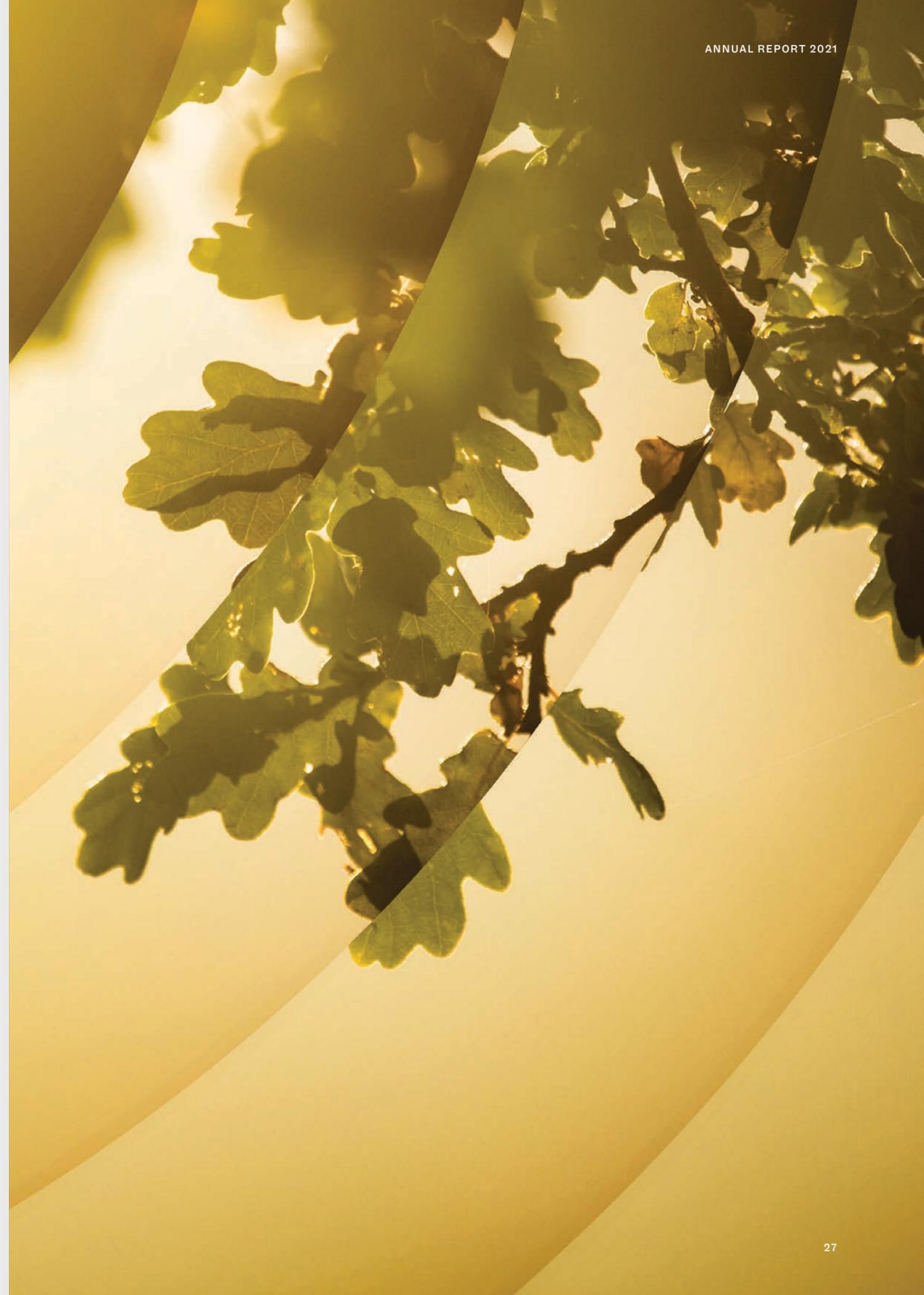
Arendals Fossekompani aims to be a leading Norwegian industrial investment company that promotes renewable energy and sustainable utilization of resources. Issuing bonds under the Green Bond Framework is part of AFK's broader commitment to making significant contributions to a low-carbon and environmentally sustainable society.

AFK has worked with Pareto Securities to develop the Green Bond Framework. Cicero Shades of Green has provided a second party opinion with a dark green rating. The complete rating from Cicero can be found on our website. AFK will assign an external auditor to annually provide a limited assurance of the management of proceeds.

Use of proceeds for the green bond is related to two categories:

1. Renewable energy
2. Eco-efficient and/or circular economy adapted products, production technologies and processes

The bond was issued in March 2021. During 2021 there has been no use of proceeds related to the green bond and the funds have been kept according to the rules in the green bond framework.



Optimizing the portfolio companies

Strengthening sustainability performance

ESG ONBOARDING

In 2021, AFK launched two new joint ventures: North Ammonia and Seagust. These companies are well positioned for the green transition, focusing on green ammonia and offshore wind. Even though they are still in an early phase, we wanted to initiate a process to begin onboarding of ESG frameworks. This process, which was finalized in January 2022, helped the companies define material ESG topics and focus areas, which will guide the companies' ESG strategy moving forward.

Continuous strengthening of sustainability performance is essential for optimizing AFK's portfolio of green-tech companies. In 2021, several ESG projects were carried out together with our portfolio companies. ESG onboarding of new AFK investments marked the initial implementation of sustainability frameworks for several companies.

Climate risk assessments, based on TCFD recommendations, helped identify material risks and opportunities in our portfolio companies. An initial assessment of the EU Taxonomy gave us an indication of eligibility and alignment of our portfolio.

AFK ESG PROCESS

AFK seeks to achieve long-term value through our investments. Crucial to our investments' long-term success is a solid ESG framework, ensuring proper governance and compliance, a great work environment and a focus on contributing to the green transition.

All AFK investments are subject to an ESG onboarding process, which includes an initial materiality assessment and the identification of ESG focus area for the company. The onboarding process is often the first meeting with ESG and thus an important step towards building a solid foundation.

After the onboarding process, AFK portfolio companies are integrated in annual ESG assessments and reporting processes. We conduct climate risk assessments of all AFK portfolio companies annually so that we are always aware of our risks and opportunities. We will also be screening our portfolio companies' eligibility and alignment each year, in accordance with the EU Taxonomy Regulations.



Optimizing the portfolio companies

EU Taxonomy assessment of eligibility

In 2021, AFK carried out an initial assessment of the portfolio's eligibility based on the current contents of the Taxonomy Regulations, based on the first delegated act which was formally adopted on 4 June 2021. This process started off with a screening of the portfolio companies' activities and an evaluation of whether these activities met the Taxonomy. The portfolio companies contributed to the evaluation and reported financial and qualitative data related to the eligible activities in a reporting template.

CLIMATE RISK PROJECT

In order to identify climate risks of relevance AFK ran projects in all portfolio companies during 2021, in accordance with TCFD.

In the first step, potential scenarios for the future regarding climate were defined. The second step was to define and understand the value chain in each of the portfolio companies. This way it is easier to identify the climate risks that can impact the company. Lastly, in scenario workshops, the material risks and opportunities were discussed.

The result from the project is reported for each portfolio company. The report includes board and management involvement, strategy implications, risk management and measurement and results.

Identifying EU Taxonomy eligibility for portfolio companies



Based on inputs from our portfolio companies, the estimated eligibility of the AFK portfolio according to the EU Taxonomy is 65% for 2021. The remaining 35% includes activities that are not yet covered by the EU Taxonomy and can therefore not be assessed. We expect that many of these activities will be eligible under the circular

economy objective. These activities will be subject to a new evaluation once the TSC have been established for the other four environmental objectives. In 2022, AFK will conduct an evaluation of the aligned activities in the AFK portfolio. Moving forward, AFK will work towards maximizing our alignment with the Taxonomy.

EU Taxonomy eligibility in AFK group



	Climate mitigation	Climate adaptation
Green activity	15%	14%
Enabling activity	57%	14%
Transitioning activity	0%	0%

Climate risk assessment



AFK's climate risks and opportunities are mostly a product of our portfolio companies' risks and opportunities. Conducting a climate risk assessment for each portfolio company (Volve, Tekna, EFD Induction, NSSLGlobal and Alytic) is therefore crucial to uncover the full picture of our risk exposure. It is also part of the process of integrating climate risk in our overall risk management.

The climate risk assessments is based on best practice implementation of the TCFD framework. Through the assessments we gained a better understanding of our value chains, defined climate scenarios, and conducted a scenario workshop where material risks and opportunities were identified and internalized by the portfolio companies.

AFK defined three climate scenarios, based on the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCP). These are:

- Green revolution (IPCC RCP 1.9; below 1.5°C)
- Delayed transition (IPCC RCP 4.5; between 2 and 2.5°C)
- Climate crisis (IPCC RCP 6.0; more than 3°C)

Each of the three climate scenarios are evaluated in accordance with physical and transition risks on a short, medium, and long-term basis.

Climate risk is the function of physical risk and transition risk. Physical risks involve the acute or chronic negative effects on the environment due to global warming. Acute risks include droughts, floods, excessive precipitation, and wildfires. Chronic risks include rising temperatures, rising water levels, and an accelerating loss of biodiversity. Transition risks involve negative impacts due to the transition to a green economy. This includes market-, legal-, technology-, and reputational risks.

Green revolution	Delayed transition	Climate crisis
Below 1.5 C global warming. Global net zero emissions by 2050.	2-3 C global warming. Slow recovery post Covid-19 and inevitable policy response by 2025.	More than 3 C global warming. Inadequate efforts made to limit global warming.
Global sea level rise (relative to 2000) 2050: 0.3m 2100: 0.48m	Global sea level rise (relative to 2000) 2050: 0.3m 2100: 0.6m	Global sea level rise (relative to 2000) 2050: 0.3m 2100: >1m
CO₂ emissions reduction (base year 2010) 2030: -45% 2050: -100%	CO₂ emissions reduction (base year 2010) 2030: -20% 2050: -50%	CO₂ emissions reduction (base year 2010) 2030: +10% 2050: 0%
Carbon price 2030: 130 USD/tCO ₂	Carbon price 2030: 20.3 USD/tCO ₂	Carbon price 2030: 8.5 USD/tCO ₂
Low carbon electricity (29% in 2020) 2030: 70% 2040: 100%	Low carbon electricity (29% in 2020) 2030: 55% 2040: 80%	Low carbon electricity (29% in 2020) 2030: 30% 2040: 43%

Optimizing the portfolio companies

Generally, the green revolution is characterised by regulatory-, market-, and technology risks and opportunities. These are necessities for achieving the ambitious goal of this scenario. New regulatory requirements, such as the EU Taxonomy and circular economy reporting, as well as strict regulations to mineral mining are risks to many businesses.

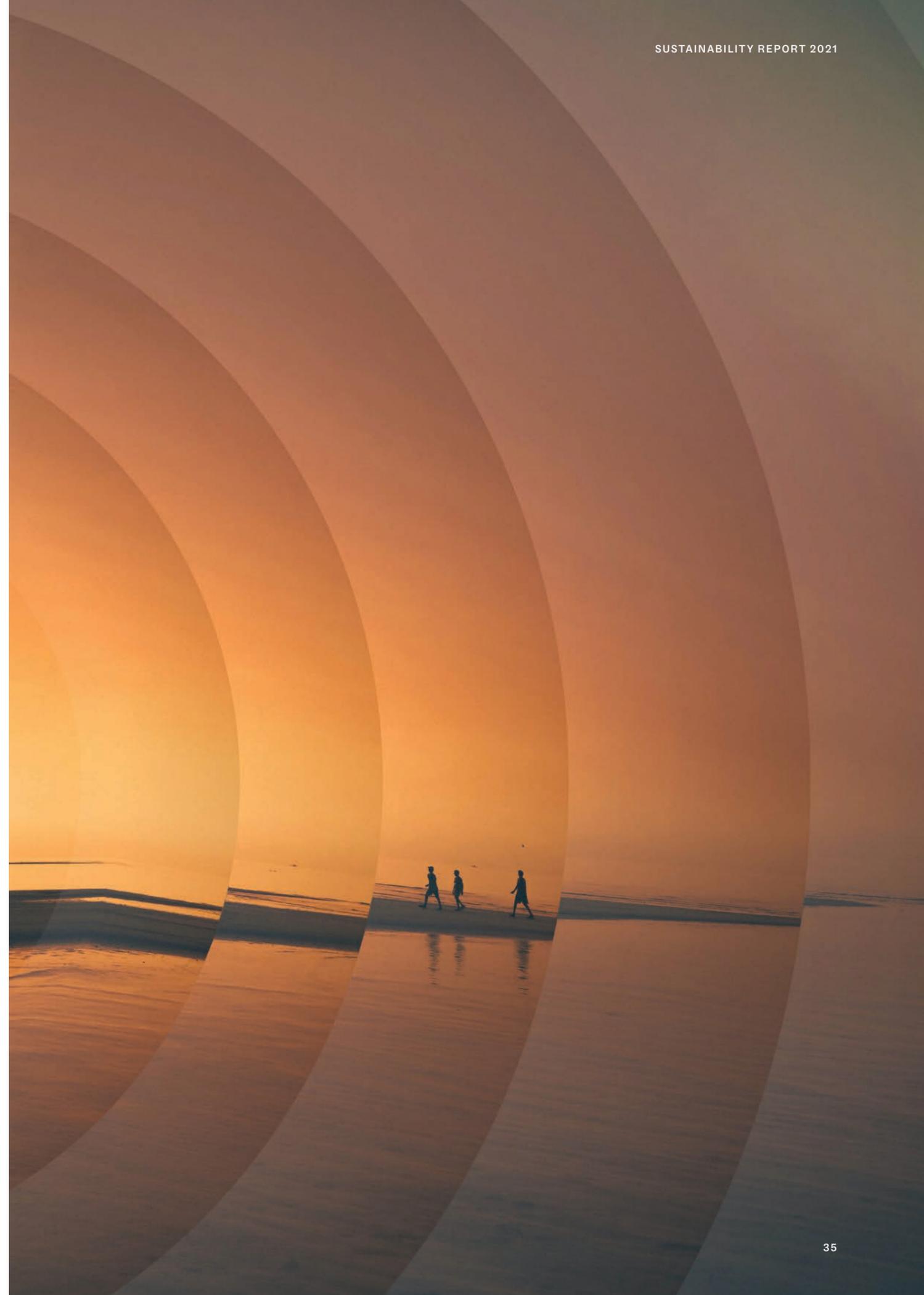
A more volatile energy market and increasing energy prices, due to increased renewable energy production and carbon taxes, affect businesses that are heavily dependent on electricity. Finally, and perhaps most prevalent in the green transition, is the need for a technological restructuring of the energy market, phasing out fossil fuels, and an increased emphasis of low impact- and zero-emission technologies. This creates valuable opportunities for green-tech companies.

While the green revolution is characterised by transition risks and opportunities, the climate crisis scenario entails considerable physical risks. In this scenario, many countries and areas will experience an increase in the frequency and intensity of extreme weather events, disrupting deliveries and exposing industries to production delays. Chronically increasing temperatures will cause HSSE issues in exposed areas.

The delayed transition scenario is a combination between the two extremities. Current policies are projected to result in about 2.7°C global warming.⁶⁾ The delayed transition scenario is thus the most realistic scenario given the current political landscape.

AFK's portfolio companies are exposed to transitional risks throughout their value chains, particularly in terms of rising energy prices, as well as prices for products and services in the supply chain. In addition, regulations aimed at driving the transition to a circular economy will impact AFK. Nevertheless, our assessments affirm that the transitional risks in large part are, or can become, opportunities for our portfolio companies.

AFK's exposure to physical risks is largely due to our supply chains, with tier 2 and 3 suppliers located in areas prone to extreme weather and higher temperatures. At the customer end of our value chains, however, we identified the potential for increased demand for AFK's companies' products and services.



6) climateactiontracker.org, November 2021

Responsible investment & Optimizing the portfolio companies

Performance and targets

In 2021, the AFK Parent Company continued to support the portfolio companies. Good collaboration resulted in several important ESG assessments being finalized. For AFK we have developed the Green Bond Framework, and made prosperous investments in renewable energy.

Performance and KPIs

KEY RESULTS IN 2021

In 2021, AFK has launched several projects together with our portfolio companies. Most notably, we assessed the entire portfolio according to the EU Taxonomy, as well as conducting a climate risk analysis for every company. The EU Taxonomy assessments gave us a good indication of how the AFK portfolio will perform once reporting will be required by law. Yet, we will have to await the final draft of the Regulation, including the remaining TSC, to do a complete assessment of our portfolio.

The climate risk assessments of our portfolio, based on TCFD recommendations, gave us an overview of risks and opportunities, given different climate scenarios. As a response we divested Cogen Energia, resulting in a 98% reduction in emissions from our portfolio. Based on opportunities in the green transition, we further established Vergia and we see many attractive opportunities within battery- and charging technology and more.

We are working towards acquiring a unified system for ESG reporting for AFK and our portfolio companies. In 2021, we implemented a system for reporting on GHG emissions, which will be further expanded moving forward.

1,580

SCOPE 1, IN METRIC TONS OF CO2 EQUIVALENT

2,819

SCOPE 2: LOCATION-BASED, IN METRIC TONS OF CO2 EQUIVALENT

853

SCOPE 3, IN METRIC TONS OF CO2 EQUIVALENT

Numbers: AFK group greenhouse gas emissions



ESTABLISH METHODOLOGY FOR CALCULATING GHG EMISSIONS



GHG calculation system acquired. TCFD risk analyses performed for all portfolio companies.

ESTABLISH A BASELINE AND TARGETS FOR GHG-EMISSIONS



A baseline has been established. Targets have been set in line with the Paris Agreement and have been approved by the AFK Board.

STUDY THE EU TAXONOMY AND PREPARE FOR DISCLOSURE



EU Taxonomy project performed. An estimate of eligibility has been presented.

AFK goals and self-assessment of goal achievement.

A great place to work

Diversity and equality

THE EQUALITY AND ANTI-DISCRIMINATION ACT

According to The Equality and Anti-Discrimination Act § 26, all Norwegian employers are obliged to work actively, targeted and systematically to promote equality and prevent discrimination in the workplace.

In 2021, AFK Parent company carried out a project to address this Act and also report the findings in part 3 of the sustainability chapter; AFKs Activity and Obligation Report.

In AFK we believe that a workforce with a wide array of skills and backgrounds drives productivity and performance. Diversity brings new perspectives and helps us reach our long-term goals. Our ambition is to preserve and continue to build an inclusive company culture with zero tolerance for discrimination.

GENDER EQUALITY

In 2020, we defined specific goals for gender equality, applicable for the entire group of AFK companies. Gender equality is specifically measured at three corporate levels: Board of Directors, C-suite positions, and total work force. At year-end 2020, there were 30% women on our Boards, 20% women in C-suite positions and 19.4% in the total work force. Our ambition is to achieve gender balance on every corporate level by 2023, with a share of at least 40% women. Our interim target for 2021 was to achieve 33% women in our Boards.

Last year, we had to postpone the "Likestilt arbeidsliv" (Equal working life) certification, but we will continue this process in 2022. The work we have done to address The Equality and Anti-Discrimination Act is a good start towards getting certified, and we look forward to continuing our journey towards better inclusion and greater diversity.

HUMAN- AND LABOUR RIGHTS, HEALTH AND SAFETY

AFK is committed to respecting human rights in all of our operations. This includes the rules and principles laid out in the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work and the International Bill of Human Rights, and the OECD Guidelines for Multi-national Enterprises.

We do not accept any form of child labour. We comply with all fundamental labour rights and have a continuous focus on providing safe working conditions for all. Our policies on human- and labour rights, health and safety are addressed in our Code of Conduct, which all of our employees have signed, and are also extended to our suppliers through our Supplier Code of Conduct. In 2021 we had no reported incidents regarding human rights in our operations.



AN ATTRACTIVE EMPLOYER

AFK aspire to be a preferred employer. We believe that we have a great deal to offer when attracting the best talents. We have a pronounced focus on sustainability and offer favourable working conditions for our employees. We provide learning opportunities and contribute to the development of our employees' careers. We provide our employees with flexibility, and we are able to adjust tasks, working hours etc. for a period of time for our employees when needed. The feedback we get is that this gives room to combine a working life and a family life.

AFK has zero tolerance for discrimination on grounds of gender, age, disability, ethnicity, sexual orientation, or religious belief. This is a shared responsibility, and it is important that employees are aware and report undesirable behaviour through our internal whistleblowing channel.

AFK wishes to strengthen local businesses and increase the attractiveness of our region for professionals. AFK contributes to this by being a member of the local trainee programme "Trainee Sør", offering young graduates a unique opportunity to get professional experience from a variety of businesses in the southernmost region of Norway. We have already engaged two trainees through this arrangement. Our commitment to Trainee Sør both contributes to increase the overall competence in our region and is a unique opportunity for recruitment of young professionals to AFK.

A great place to work

Performance and targets

Equality and diversity is crucial for sustainable value creation. We seek to be an attractive employer with low absentee rates. In 2021 we doubled the percentage of female members of the Board of Directors across our portfolio companies. We also initiated reporting according to the Equality and Anti-discrimination Act.

Performance and KPIs

KEY RESULTS IN 2021

We report on gender equality on three different levels of our organization. We had good progress towards our long-term ambition of 40% women in our company.

AFK launched a project in 2021 to address the Equality and Anti-discrimination Act. The work resulted in the Diversity and Equality report, giving us a deeper insight into how AFK performs with regard to gender equality.

In 2021 we had no reported incidents regarding breach of human rights in our operations or supply chain.

30%

WOMEN ON BOARD OF DIRECTORS

1.5%

ABSENTEE RATE

7.6%

TURNOVER RATE

0.8%

LOST TIME INJURIES

MAINTAIN SAFE WORKING CONDITIONS DURING THE PANDEMIC



The portfolio companies in the group have put emphasis on good working conditions during the pandemic.

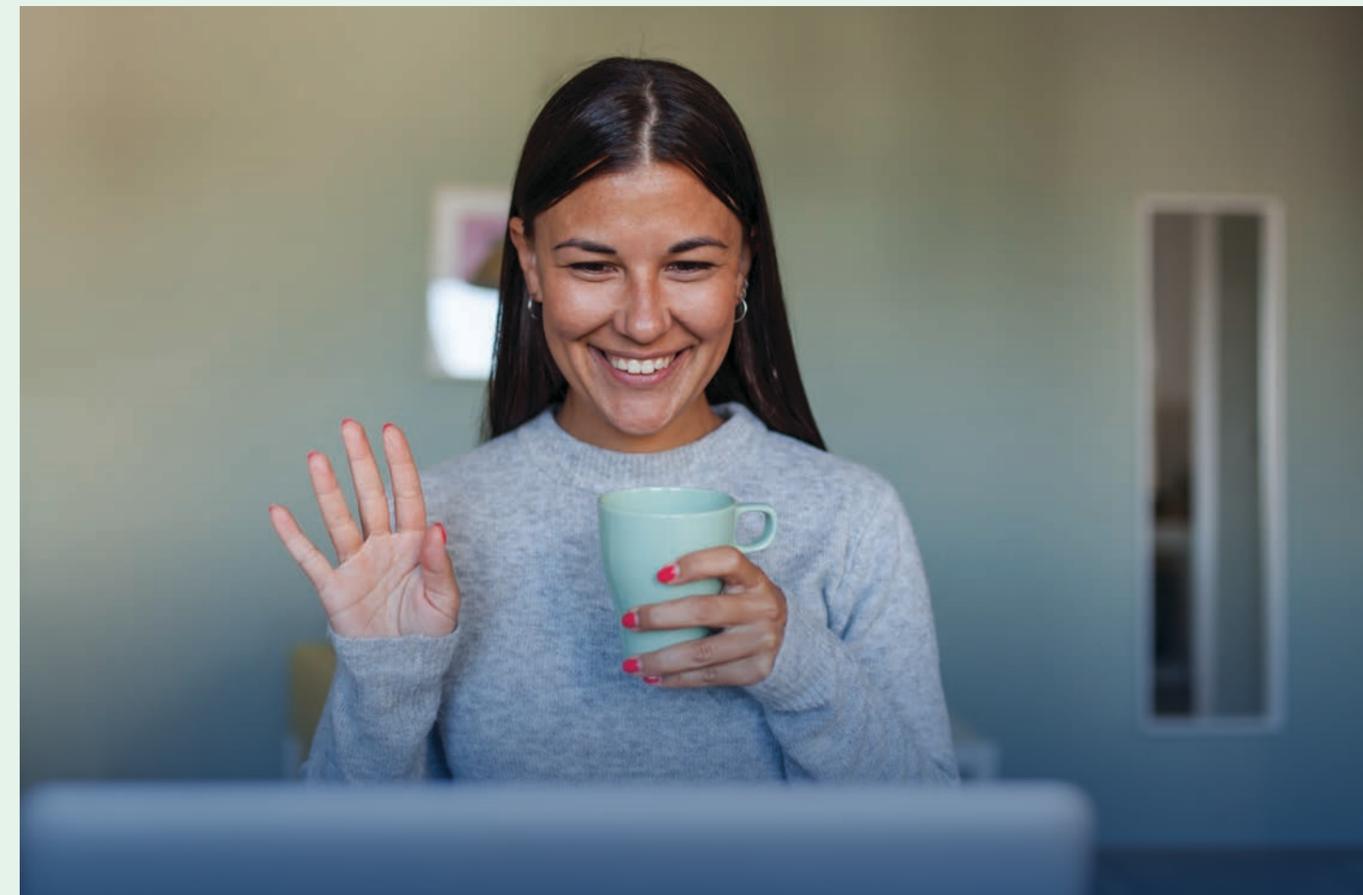
EQUAL WORKING LIFE CERTIFICATION



AFK was not certified in 2021, but will be pursuing certification in 2022.

We have started reporting according to the Equality and Anti-discrimination Act, an important step towards certification.

AFK goals and self-assessment of goal achievement.



Community engagement

Local contributions

Arendals Fossekompani engages in and contributes to local communities in areas where we operate. In and around our headquarters in Arendal and Froland, we support events and initiatives that strengthen the region.

By helping the local communities, we want to contribute to a better future for all. This is why community engagement is one of our key focus areas regarding environmental, social and governance issues.

In recent years we have been involved in a wide variety of local projects, especially within culture, urban development, and sports. In 2021, two of our donations involved Vitensenteret Sørlandet (a regional 'science center') and children's playground equipment in downtown Arendal. Both gifts were meant to facilitate learning and development for children in our local community, which we find important and meaningful. In addition, we supported many other events and initiatives that contributed to the local community. The next page displays some of our commitments in 2021.

Going forward, our ambition is to keep contributing to and facilitate value creation in the local communities, by supporting important initiatives. We believe this is our responsibility as a company and also an important part of our identity.



CANAL STREET

Annual music festival featuring Norwegian and international artists.

ARENDAKSUKA

Annual national meeting place for politics and business.

ØIF ARENDAL

Local handball club which plays in the premier division in Norway.

CANALS IN ARENDAL

Re-establishment of canals through the centre of Arendal City.

KNUBBEN

Bathing facilities outside of Pollen in Arendal.

ARENDAK FOTBALL

Local football club with both women's- and men's teams.

IDRETTSLEIREN

Annual sports camp for children.

Ambitions and targets for 2022

AFK is committed to improving how we work and further reducing the impact we have on our planet. In 2022, we will focus on measuring and improving the five most material areas for the whole group.



Responsible investment

For 2022, our main target is to secure that AFK governance is performed according to the OECD Guidelines for Multinational Enterprises and NUES. In 2022, AFK will apply to become a member of PRI: Principles for Responsible Investments, a UN supported network working together to promote sustainable investments.

KPIS AND TARGETS IN 2022

In 2022, we will continue to improve our way of working with governance, risk and compliance. Our goal is that all employees undergo training in our Code of Conduct and whistleblower policy. All our portfolio companies should have Supplier Code of Conducts distributed to their suppliers. A common incident reporting system should be in place during 2022.

100%

of employees will receive training in Code of Conduct and whistleblower policy.

100%

Portfolio companies has a supplier Code of Conduct distributed to their suppliers.

IMPROVEMENT ACTIVITIES IN 2022

In 2022 we will have a particular focus on the Transparency Act. All enterprises that are covered by the act should perform due diligence assessments. AFK has launched a project to implement measures and plans to meet the requirements in the Transparency Act.

AFK will also further assess the EU Taxonomy, and do the assessment needed to publish numbers on both eligibility and alignment according to the EU Taxonomy for 2022. Cyber security is a strategic topic for AFK in 2022. We will make a common set of recommendation for all our portfolio companies and board of directors on how to work with strategy and risks, regarding cyber security.

Responsible investment is an important topic to attract investors and long-term shareholder. Arendals Fossekompni is looking for investments related to the three core sectors where we have our strengths and competences: Digitalization, electrification and materials, and green energy.

To ensure that all new investments and joint ventures comply with our standards related to ethical business conduct, we have established an onboarding process for all new investments. The key element in the onboarding process is to perform a materiality analysis according to the GRI standard.

KPIS AND TARGETS FOR 2022

In 2022 all our new investment should follow the sustainability onboarding process. We will implement the Principles for Responsible Investments (PRI). New financing in AFK shall be sustainability linked or green.

100%

ESG onboarding.

100%

EU Taxonomy eligibility potential in new investments.

IMPROVEMENT ACTIVITIES IN 2022

- In 2022 AFK will apply to become a PRI member, and we will implement the PRI recommendation accordingly.
- A best practice manual for sustainability in M&A processes and business development will be developed.



Optimizing the portfolio companies



A great place to work



Community engagement

AFK is a green-tech investment company, supporting the green transition. Together with our portfolio companies, we will provide green, enabling technologies to accelerate global efforts to meet the goals of the Paris Agreement.

KPIS AND TARGETS IN 2022

In 2022, we will provide a disclosure of our scope 1 and 2 emissions, together with a selection of our material scope 3 emissions for the entire portfolio.

Our pledge to meet the goals of the Paris Agreement requires us to evaluate how to reach this target. A roadmap will be developed in 2022, based on the Science Based Target initiative (SBTi).

IMPROVEMENT ACTIVITIES IN 2022

AFK will conduct an assessment of the portfolio's alignment with the EU Taxonomy, in which the new Technical Screening Criteria will be evaluated. We will also do a re-evaluation of our eligibility.

Assessing how AFK should work to achieve our goal of alignment with the Paris Agreement will be important in 2022.

OTHER ACTIVITIES:

- Report according to the AFK Green Bond Framework.
- Update climate risk and materiality analyses.
- Report on the annual Communication on Progress (CoP) to UN Global Compact.
- Improve our reporting to CDP.

Protecting labour rights and promoting a safe and secure work environment for our employees, continues to be our main priority for 2022. We will also advance in our work towards gender equality on all levels of our portfolio.

Human rights are important for AFK. We strive to work in compliance with the UN Guiding Principles for human rights.

KPIS AND TARGETS IN 2022

AFK will continue to measure and report on health and safety, including injuries, turnover, and absentee rate. Our long-term ambition is to ensure low levels in all these areas. For gender equality, our KPIs will be to measure the percentage of women in various parts of the organization. Our target is to have 40% women on our Board of Directors, in C-suite positions and in our total work force by 2023.

40%
women in our board of directors by 2023

3.0%
Absentee rate 2022

IMPROVEMENT ACTIVITIES IN 2022

Through the process of preparing the Diversity and Equality document (Appendix 6), a set of strategic improvements projects for 2022 were defined. Primarily, we will expand our set of governing policies related to recruitment, wages, job descriptions, and career development.

AFK will work towards certification through "Ligestilt Arbeidsliv" (Equal working life) in 2022. To improve communication with potential new attractive employees, we will implement a career section on our website, and improve our strategic dialogue with Norwegian universities.

Ever since our establishment 126 years ago we have been passionate about developing the Arendal region. Moving forward, we will continue to support urban community projects, local sports teams, and cultural events and initiatives. To further professionalize and strengthen our efforts we will develop a partner- and sponsorship strategy with specific goals and dedicated target groups.

TARGETS IN 2022

- Develop partner- and sponsorship strategy.
- Broaden our sponsorship efforts.
- Professionalize sponsorship processes and follow-up of existing partners and initiatives.

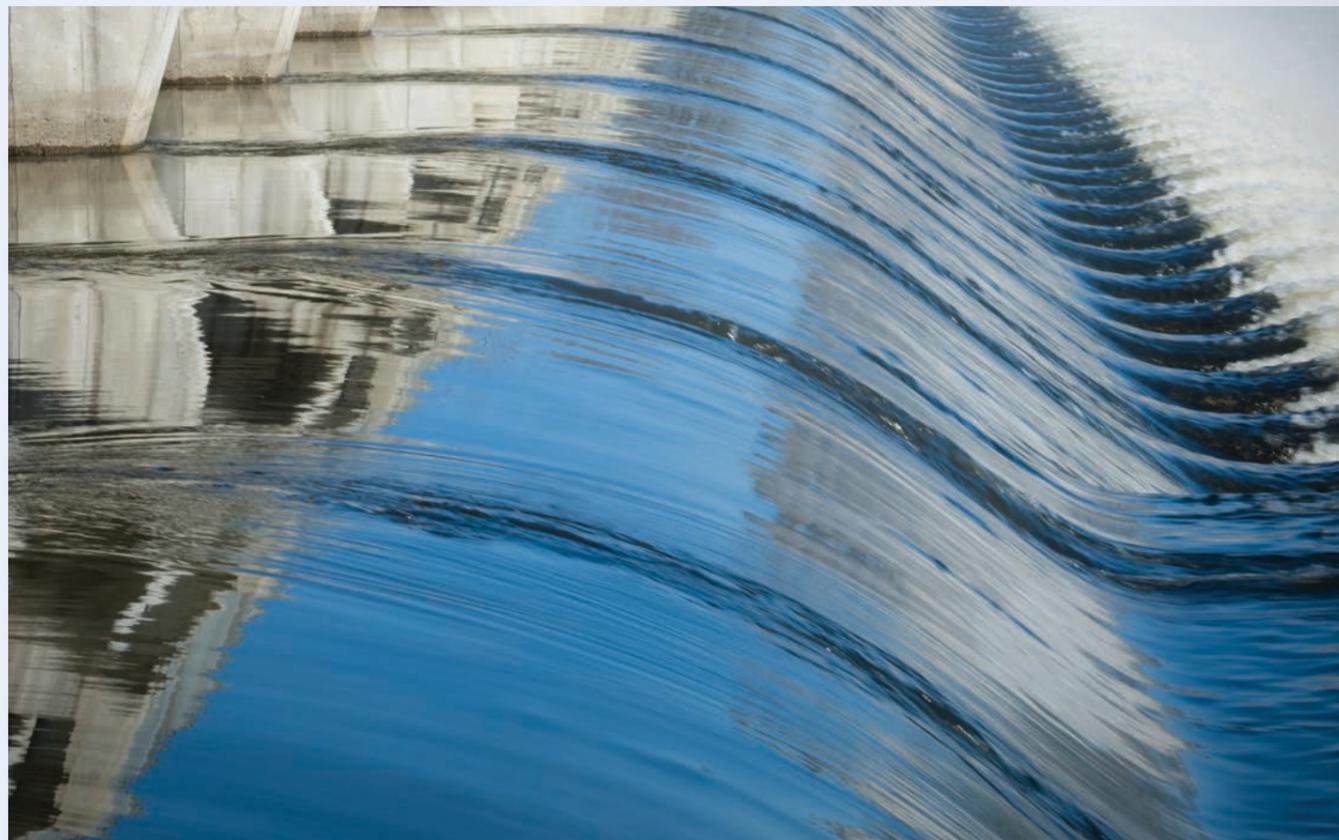
Part II

Sustainability in Portfolio Companies

AFK Hydropower	50
Volue	54
Tekna	64
EFD Induction	74
NSSLGlobal	84
Alytic	94
AFK Property	100
North Ammonia	104
Seagust	106

AFK Hydropower

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
FROLAND NORWAY	JON HINDAR	ØRJAN SVANEVIK	AFK 100 %	14	1



KPIs	2021	2020	2019
Number of environmental accidents in the eco-system ¹⁾	0	0	0
Number of fish species in the river ²⁾	3	3	3
Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent.	5	11.89	19.50
Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent. ³⁾	2.6	2.95	3.40
If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent. ⁴⁾	0	0	0
Gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent. ⁵⁾	9.4	0.16	n/a

1) There were no major environmental accidents reported for the eco-system surrounding the hydropower plant. 2) None of the species are red-listed or endangered 3) The Nordic energy mix is included in the gross location-based GHG-emissions: 17 g/kWh 4) Guarantee of origin. 5) Waste consumption

AFK has been operating hydropower plants in the Arendal watercourse for more than 100 years, ensuring renewable energy to industry and households. Our power plants, Bøylefoss and Flatenfoss, has an annual output of approximately 500 GWh.



UN SUSTAINABLE DEVELOPMENT GOALS

TCFD disclosure

For AFK Hydropower, environment, social and governance issues are regularly on the agenda in the Board of Directors (BOD), in the Audit Committee (AC) and in the management team. The BOD has the highest decision-making responsibility, and approves the strategy and targets, including sustainability and climate-related topics.

AFK Hydropower conducted a climate risk assessment following TCFD recommendations in both 2020 and 2021, giving important information about the company's climate-related risks and opportunities. This is a step in the process of integrating climate-related risks in the company's overall risk management process.

AFK Hydropower measures GHG emissions according to the GHG protocol, including scope 1, 2 and material categories within scope 3. AFK Hydropower will develop a roadmap for reduction of GHG emissions according to science-based targets in 2022. The long-term ambition is to meet reduction targets set in the Paris agreement.

“Production of renewable energy is at the core of AFK Hydropower. To maintain a sustainable production of energy, the value of ESG for AFK Hydropower, is to ensure that the production of energy will be even more sustainable in all steps.”

Morten Henriksen
Executive Vice President at AFK

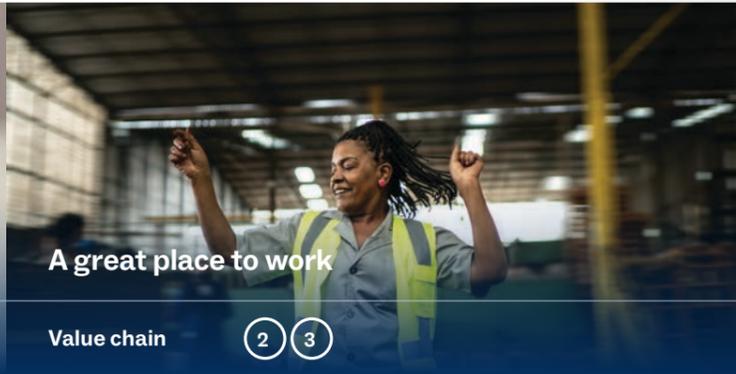
Focus areas

AFK Hydropower



Ethical business conduct

Value chain 1 2 3 4



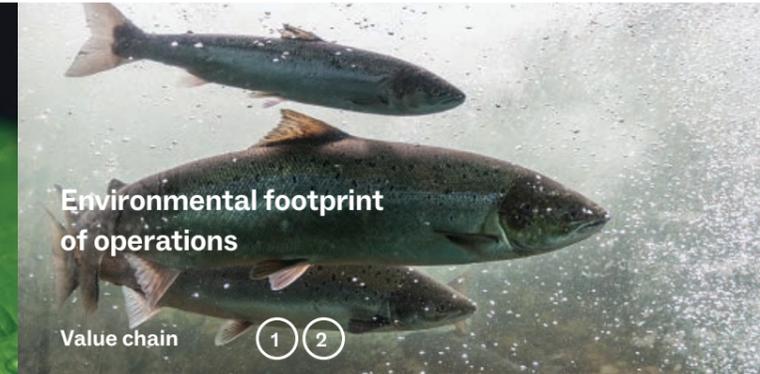
A great place to work

Value chain 2 3



Climate impact

Value chain 2 4



Environmental footprint of operations

Value chain 1 2

Value chain

The value chain used to assess where companies have an impact.



Our values - collaborative, long-term, dynamic, and responsible - are at the core of our organisation. This requires good governance and compliance, and a focus on transparency.

PERFORMANCE AND KPIS

All employees sign the company-wide Code of Conduct at the beginning of the employment.

WORK AND ACTIVITIES TODAY

In 2021, all AFK Hydropower employees received training in the Code of Conduct.

An internal whistleblowing channel was implemented and communicated to AFK Hydropower employees in 2021. There were no reported incidents during the year.

TARGETS AND AMBITIONS

Ensure that 100% of our employees have read and signed the newest version of AFK's Code of Conduct.

Implement updated Supplier Code of Conduct.

The employees are essential for the operation of the hydropower plants. We value our employees and put their health and well-being as a top priority.

PERFORMANCE AND KPIS

Operating personnel is exposed to potential risks related to maintenance of heavy machinery, high voltage systems and seasonal floods. To maintain health and safety for our employees, AFK Hydropower conducts risk and vulnerability analyses to map possible hazards and increase awareness. Every year, employees will complete courses in HSE and FSE (safety regulations when working in and operating electrical installations).

All incidents are recorded.

TARGETS AND AMBITIONS

In 2022 our target and ambition is to review and complete the risk and vulnerability assessment regarding HSE and work-tasks to further improve and map the work environment for our employees.

AFK Hydropower produces renewable energy and is therefore an important contributor to the green transition. By increasing the renewable energy share in the global energy mix, our operations have a positive climate impact. Additionally, run-of-river hydropower facilities have minimal impact on its surroundings and will likely be fully aligned with the EU Taxonomy.

PERFORMANCE AND KPIS

AFK Hydropower reports on its GHG emissions. Our GHG emissions account include Scope 1 emissions from company-owned cars, Scope 2 emissions from our use of electricity, and Scope 3 emissions from business travel. In 2021, we implemented a new reporting system for GHG emissions, and we report on SF6 (sulphur hexafluoride).

WORK AND ACTIVITIES TODAY

Production of hydropower is, in and of itself, free of GHG emissions. Our emissions emanate from our fossil fueled cars, used for maintenance of the hydropower facilities, and electricity for our offices. The electricity for the administration building is purchased with guarantee of origin. SF6 is used in the switches for high voltage.

TARGETS AND AMBITIONS

We will continue to improve the reporting of GHG emissions. AFK Hydropower will focus on a complete environmental risk and vulnerability assessment in 2022, to further map and improve our impact on the surrounding environment.

GREEN OPPORTUNITIES

Future purchases of cars present opportunities to phase out fossil fueled cars, and phase in electric vehicles.

Protection of the environment surrounding our hydropower production facilities is important for AFK Hydropower. A strategy to minimize the environmental footprint of our own operations is essential.

PERFORMANCE AND KPIS

WORK AND ACTIVITIES TODAY

Species of fish affected by our hydropower stations have been subject of an external audit. Environmental reviews and audits are conducted annually. Any accidents are reported.

AFK Hydropower recycles both hazardous and non-hazardous waste. AFK Hydropower owns and operates a treatment plant for fresh water on site. By following the restrictions and regulations for the Arendal water-course, AFK Hydropower contributes to sustainable conservation of freshwater eco-systems.

TARGETS AND AMBITIONS

Establish a more efficient system for tracking audits, reviews, and environmental accidents.

Volue

Portfolio company

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
OSLO NORWAY	ØRJAN SVANEVIK	TROND STRAUME	AFK 60.1 %	715	8



KPIs	2021	2020	2019
Description or percentage of organization with ISO 9001 certification	76%	82% (Powel + Scanmatic)	n/a
Description or percentage of organization with ISO 27001 certification	68%	70% (Powel)	n/a
Male (Board of directors) ¹⁾	50.00%	85.70%	n/a
Female (Board of directors) ¹⁾	50.00%	14,3%	n/a
Male (C-suite positions) ^{1) 2)}	78.00%	88.90%	n/a
Female (C-suite positions) ^{1) 2)}	22.00%	11.10%	n/a
Total number of new hires ³⁾	123	117	
Percentage of female new hires ³⁾	30%	23%	
Number of female new hires ³⁾	37	27	

1) Percentage of individuals within the organization's governance bodies 2) Person who reports directly to CEO 3) Total number and rate of new employee hires during the reporting period.

Volue is a market leader in technologies and services that power the green transition. Based on 50 years of experience, Volue provides innovative solutions, systems and insights to industries critical to society. Over 700 employees work with more than 2,200 customers across energy, power grid, water and infrastructure projects that ensure a sustainable, flexible and robust future. The company is headquartered in Oslo, Norway and active in 40+ countries.



UN SUSTAINABLE DEVELOPMENT GOALS

Volue was established in March 2020 as the result of the merger of four companies: Powel, Markedskraft, Scanmatic and Wattsight. The company transferred listing from Euronext Growth to Oslo Børs in May 2021.

TCFD disclosure

For Volue, ESG issues are regularly discussed by the Board of Directors (BOD) and the Executive Leadership Team (ELT). The BOD has the highest decision-making responsibility, and approves the strategy and targets, including sustainability and climate-related topics.

Volue conducted a climate risk assessment in 2021, giving important information about the company's climate-related risks and opportunities. This is a step in the process of integrating climate-related risks in the company's overall risk management process.

Volue measures GHG emissions according to the GHG protocol, including scope 1 and 2 and two material categories within scope 3. In 2022, Volue will establish climate targets and roadmap in line with the Paris agreement and the 1.5 degree scenario.

"Volue's technology and services are indispensable in the green transition and our role in securing a renewable energy future is clear: We are here to create balance where there is volatility through standardised, robust, and scalable solutions for the energy system. We are here to enable the green transition, and we are optimistic about the future."

Trond Straume
CEO

Focus areas
Value

Value chain

The value chain used to assess where companies have an impact.



Ethical business conduct

Value chain



Ensuring good corporate governance and legal compliance in all countries and markets are important to Value. Acting ethically and lawfully is not only a moral obligation, but critical if the company is to be perceived as a trustworthy business partner and vendor. Value aspires to build a strong company culture, where ethical behaviour, transparency and openness are values that employees and business partners adhere to.

PERFORMANCE AND KPIS

Value established a new Code of Conduct in March 2021, which includes rules with regards to business conduct, values, and ethics. To date, 88% of Value's employees have signed for, and thus, confirmed that they have read and understood the information in the Code of Conduct. In Q1 2022, Value is planning to arrange training in the Code of Conduct for all employees and governance body members.

Value has established an external whistleblowing channel that can be used for reporting irregularities or breaches of the Code of Conduct. There were no reported irregularities in 2021.

Value has implemented a subcontractor check list in order to screen suppliers and business partners in terms of project execution, contract terms and conditions, intellectual property right, previous experiences, financial and payment information, compliance with laws and ethics and others risks.

0

irregularities reported through whistle-blowing channel in 2021

89%

employees have signed code of conduct

TARGETS AND AMBITIONS

- 100% of employees having confirmed, read and understood the Code of Conduct.
- Internal review of supplier range.
- Audit critical suppliers in countries with a heightened risk according to the Transparency International Index.
- 100% of suppliers having signed the Supplier Code of Conduct or have provided sufficient evidence of own compliance policies in accordance with Value's Supplier Code of Conduct.
- Follow-up on implementation of subcontractor check list as part of the Quality Management System.
- Prepare for limited assurance of ESG report 2022.

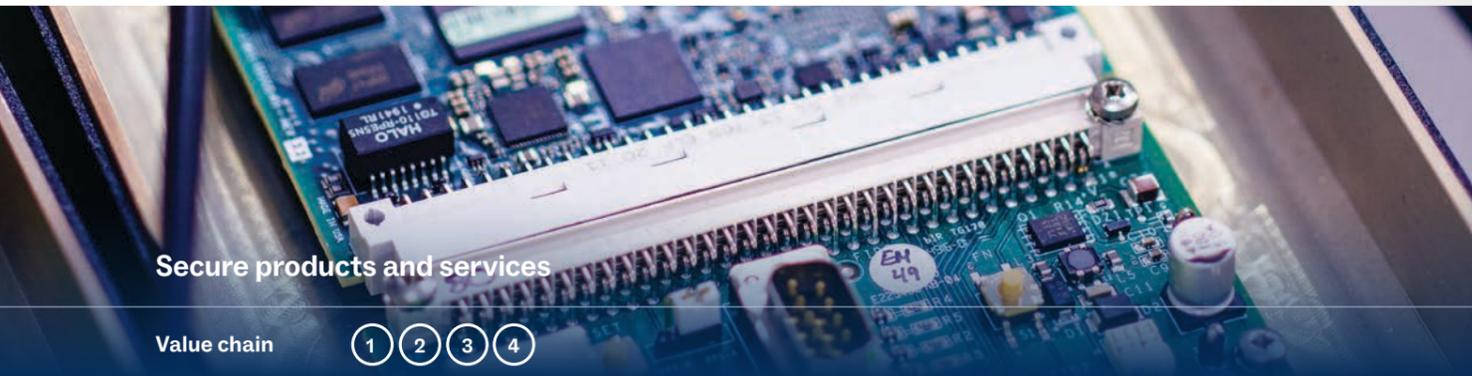
100%

employees have signed Code of Conduct

GREEN OPPORTUNITIES

Value has the opportunity to conduct an internal review of supplier range and suppliers' environmental objectives.

Focus areas
Value



Secure products and services

Value chain 1 2 3 4

Unreliable products and data security threats pose financial, reputational, and societal risks. Value must therefore continually strive to provide customers with high quality, secure and trustworthy products and services. Being able to demonstrate to the market that the company is reliable in terms of availability and security is a prerequisite for future business success.

Value is focused on streamlining and ensuring high product availability and security. Furthermore, understanding and fulfilling customer requirements when it comes to building resilience to operational challenges is important.

PERFORMANCE AND KPIS

Value has implemented an Information Security Policy which has a mandatory read and agreement signing. Approximately 60% of the employees have signed to date. As part of the company's efforts to increase security awareness, Value has in 2021 conducted a mandatory online training program with all employees. In December 2021, Value extended the security agreement to also include their Security Operations Center (SOC+) service. Value has also worked to develop a common security KPI that will be released during 2022.

24/7
Security of Value's systems

60%
of employees signed the Information Security Policy

WORK AND ACTIVITIES TODAY

Value complies with all applicable national laws and regulations on data privacy and security, such as the EU's General Data Protection Regulation (GDPR). Moreover, Value has initiated the process of becoming certified according to ISO 27001:2013.

Value has in 2021 implemented a common quality management system across the Value Group. Previously, Value Technology has built several security frameworks and an extensive library of routines, including an Information Security Policy and an Employee Security Agreement.

TARGETS AND AMBITIONS

- Increase the number of employees that have signed the Information Security Policy.
- Implement a common improved Security KPI for Value.
- Implement a common Contingency plan for Value.
- Improve a measurable and continuous way to reduce security risk and threats/vulnerabilities.
- Strengthen the 24/7 security monitoring and response capabilities.
- Achieve ISO certification for ISO 9001 & ISO 27001 throughout the organisation.

GREEN OPPORTUNITIES

To Value, being able to show reliability in terms of product up-time and security is a prerequisite for being in business over time. Also, understanding and fulfilling customer requirements when it comes to building resilience to operational challenges, will be important to build a strong position within sectors expected to ensure security of supply at all times.

Value chain

The value chain used to assess where companies have an impact.



A great place to work

Value chain 2 3

To remain an attractive employer to diverse and talented profiles, Value is continuously developing people-related processes and terms and conditions for all employees. In 2021, the company launched its own value statements which is, together with a clear Value way of leadership, an important step towards creating a shared company culture and operational practice.

PERFORMANCE AND KPIS

In 2021, Value joined both the Oda Network, which is the leading tech network for women in the Nordics, and Kraftkvinnene, which is an initiative led by Energi Norge for women in the renewable energy sector. Furthermore, in December 2021, Value's CEO signed the CEO Commitment that aims to bring together key leaders and decisions makers who believe in the value of diversity in the workplace.

Value introduced two pilot programs for employee development in 2021: the leadership programme "Becoming a Leader" and the mentor program "Young Talents". In 2022, Value will introduce the leadership program "Value Sustainable Leader Program".

WORK AND ACTIVITIES TODAY

Value will always align its conduct with internationally renowned standards for human and worker's rights, such as the Human Rights Act and OECD guidelines for multinational enterprises. The CEO and Value's Board of Directors have the overall responsibility to ensure compliance with the company's business ethics policies. So far Value has not identified any risks regarding human rights, neither in its own operations nor with the suppliers.

TARGETS AND AMBITIONS

- Launch new leadership program and leadership principles.
- Continue the mentor/mentee program and include even more mentees.
- Increase the response rate of Value Engagement Surveys from 72% to at least 80%.
- Improve the overall engagement rate score from 7.4 to at least 7.8.
- Introduce diversity initiative in 2022 to increase the share of women and non-Norwegians in the company. Target of 24% females by end of 2022 and 33% by 2025.
- Implement a new and common standard for development conversations for all employees.
- Launch a new channel for internal communications.
- Introduce monthly 'Lunch & Learn' and 'Lunch & Lead' events in 2022.

33%
women in workforce by 2025

Focus areas
Value

Value chain

The value chain used to assess where companies have an impact.



Environment

Value chain



As an international software and technology provider, **Volue is directly and indirectly impacted by the environment. The company's business operation also has direct and indirect impact on the environment across its value chain.**

Volue's expertise within energy production, optimisation, trading and distribution allows energy companies to get the most out of their resources and can play an important role in enabling a future with a greener, yet more volatile energy mix and increased electrification.

PERFORMANCE AND KPIS

Volue is currently in the process of establishing an environmental policy for employees. Suppliers are also responsible for filling out a self-assessment concerning their own environmental practices and performance.

In 2021, Volue started mapping current procurements (hardware and other equipment). The company has started to request supplier environmental declarations from selected suppliers. This process will continue in 2022.

Volue has reviewed the Technical Screening Criteria from the EU Taxonomy for the IT and software industry.

70%

eligibility according to EU Taxonomy

WORK AND ACTIVITIES TODAY

Volue is committed to ensure that the company's operations live up to high environmental standards. The company aims to increase knowledge and raise awareness of environmental issues among all its employees and comply with applicable legislation and regulations relating to the environment.

The company is currently in the process of establishing an environmental policy for employees, and suppliers are also responsible for filling out a self-assessment concerning their own environmental practices and performance.

TARGETS AND AMBITIONS

- Establish and implement environmental policy including training of employees.
- Establish climate targets and roadmap in line with the Paris agreement and 1.5 degree scenario.
- Integrate climate risk assessment process in the company's risk management process and start climate reporting according to TCFD's recommendations.
- Complete GHG reporting/expanded reporting of scope 3 emissions.
- Perform a robust climate risk and vulnerability assessment in line with the second and third substantial contribution criteria in the EU Taxonomy.
- Make sure that the fourth substantial contribution of the EU Taxonomy is met.

GREEN OPPORTUNITIES

Volue sees green opportunities in all of the company's business segments.

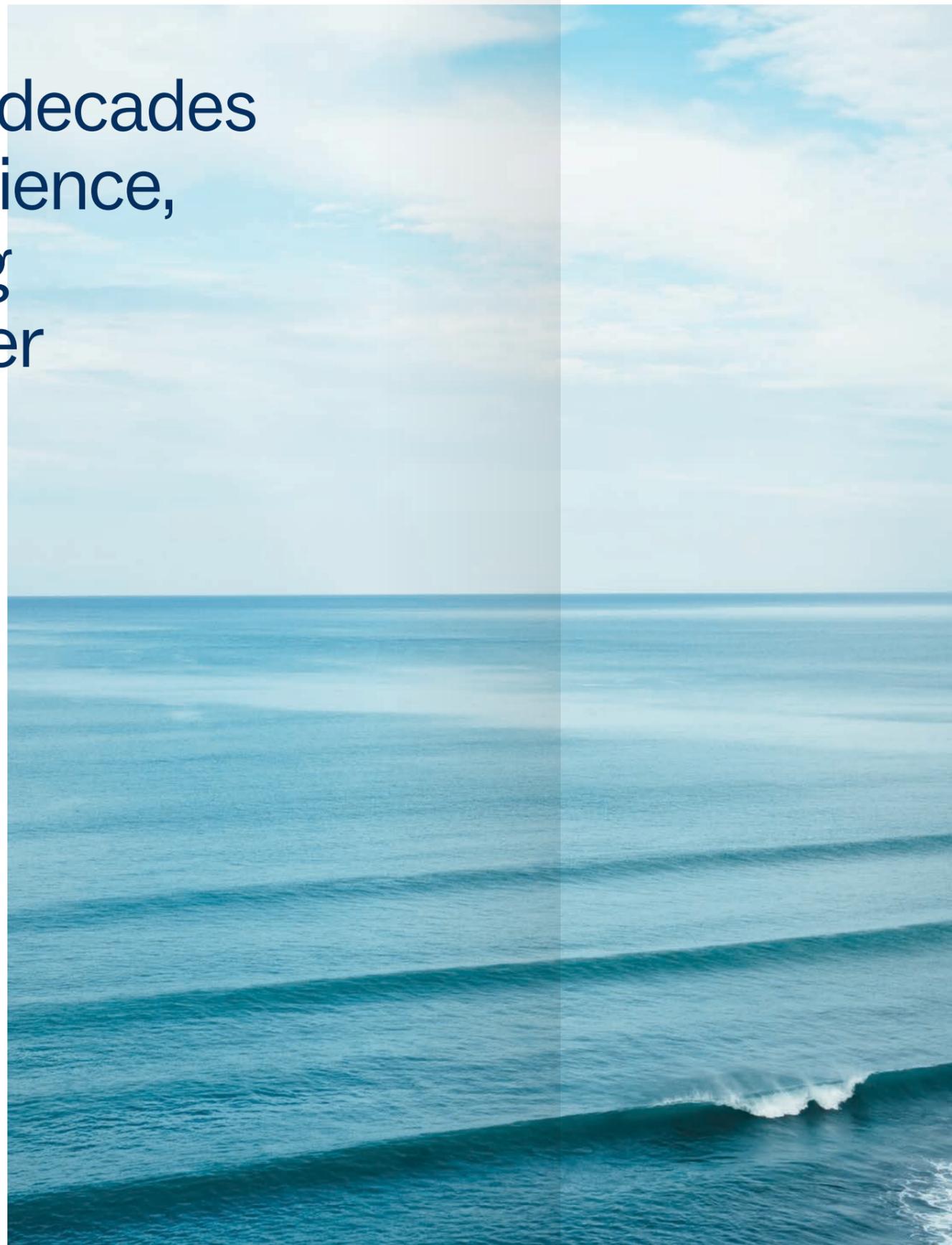
In the energy segment Volue sees an opportunity to guide new and existing clients through the transition to a renewable energy system, providing them with technology, automation, business models and local energy system understanding.

As grid companies are being redefined as DSOs with a tight integration to more unpredictable distributed generation, they are being encouraged to invest in digitalisation and advanced software services, which Volue's power grid segment provides.

The infrastructure sectors are in a digitisation phase expected to accelerate due to climate changes. The demand for improved decision-making tools, predictive maintenance systems, forecasters and investment planning will increase. Volue is well positioned to be a preferred vendor for this growing market.

Value

Built on decades of experience, enabling a greener future



Water and wastewater infrastructure is challenged by climate change. Norwegian municipalities experience increased risk of urban flooding and infrastructure damage. Climate change influences the entire water cycle from source to tap and further into the fjord. Urban flooding, water leakages and pollution of water supply are some of the consequences. Climate change consequences are a reality for all municipalities and water infrastructure owners – and climate adaptation actions are required.

Using Value's solutions for documentation and management of water infrastructure, municipalities and water companies reduce the risk of water leakages that often lead to urban flooding and pollution of drinking water. By using Value technology, pipe leakages are identified earlier and damage and spills are reduced or even avoided.

Value's solutions have open interfaces to all relevant industrial sensor systems that monitor water levels, pumps, flows, water quality and overflows. Therefore, the data collected is not only useful in the control centers, but can also be accessed and used as valuable input for the operators in the field. This digitalisation process combining monitoring, predictions and infrastructure documentation makes Value's services highly valuable in the company's customers' climate change adaptation efforts.

Every day, cities all over Norway are using Value's solutions with updated information about sensors in pumps, flow measurements, water levels in their reservoirs, freshwater storages, and pressures in the pipes. The result is clean water in the tap, clean water in the sea and a resilient society with respect to urban flooding.

This demonstrates the importance of Value's strategy and innovation. In partnership with clients, Value has established Digital Water, an innovation project with a main objective to develop solutions and services that will further help climate change adaptations for the water industry.

Tekna

Portfolio company

HEADQUARTER SHERBROOKE, CANADA	CHAIRMAN MORTEN HENRIKSEN	CEO LUC DIONNE	OWNERSHIP AFK 79.9 %	EMPLOYEES 204	COUNTRIES 4
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UN SUSTAINABLE DEVELOPMENT GOALS

With its unique, IP-protected plasma technology, the company is well positioned in the growing market for advanced nanomaterials within the electronics and batteries industries. Building on 30 years of delivering excellence, Tekna is a global player recognized for its quality products and its commitment to its large base of multinational blue-chip customers.

TCFD disclosure

For Tekna, ESG issues has not previously been prioritised by the Board of Directors (BOD). Starting February 2022, ESG, including climate-related governance, will be reviewed with the board once a year. Climate-related responsibilities have been assigned the executive level of the organisation.

Tekna conducted a climate risk assessment in 2021, giving important information about the company's climate-related risks and opportunities. This is a step in the process of integrating climate-related risks in the company's overall risk management process.

Tekna measures GHG emissions according to the GHG protocol, including scope 1 and 2 and four material categories within scope 3. A complete disclosure of scope 3 emissions will be achieved by 2024. Tekna is committed to emissions reduction targets of 50% for scope 1 and 2 by 2030, compared to 2021. This is in line with the Paris Agreement.

KPIs	2021	2020	2019
Water used per kg product produced ¹⁾	0.064 m3	0.078 m3	0.054 m3
Total water consumption in TPS facility Canada ²⁾	7,837 m3	8,247 m3	19,472 m3
Energy use per kg product produced (Ti64) ³⁾	13.22	17.70	20.50
Energy use per kg product produced (AlSiMg) ⁴⁾	6.54	7.25	8.15
Estimated materials saved by customers in aerospace industry when using Tekna's solutions and products ⁵⁾	200-1.200 tonnes	100-650 tonnes	80 -500 tonnes
Number of suppliers that have signed the supplier code of conduct ⁶⁾	21	3	0
Number of top that have completed the self-assessment questionnaire ⁷⁾	20	0	0

¹⁾ Canada - TAM Increase due to R&D activities in the same facility; As of yet Tekna cannot separate water used for production and for R&D. ²⁾ Canada - TPS By redesigning and revamping R&D laboratory and water cooling systems the team at Tekna facility management generated an annual saving of 10 000 cubic meter of fresh water in the TPS facility (average consumption TPS 2015-2019 23000m3). ³⁾ Ti64 manufacturing in Canada. Improvement due to wire feedrate increase ⁴⁾ AlSiMg manufacturing in Canada. Improvement due to wire feedrate increase ⁵⁾ Rough estimation based on overall Tekna powder sales and a estimation of 60%-90% potential material saving depending on industry. ⁶⁾ Tekna group. Source system: Netsuite. 66% of suppliers > CAD 100k spend in 2020. Large corporations with own code of conduct aligning with Tekna's also included. ⁷⁾ Tekna group. 63% of suppliers > CAD 100k spend in 2020.

“As Tekna continues to develop and grow, it is further integrating sustainability into its global business activities. This is important for Tekna's current and future customers, its employees, its owners and society at large. By embracing a culture of sound sustainability practices, Tekna is investing in its future and the future of human kind.”

Luc Dionne
CEO

Focus areas
Tekna



Ethical business conduct

Value chain 1 2 3 4

It is Tekna's belief that it has a social responsibility to the communities reached through its operations. They are key stakeholders to achieve green, inclusive, transparent and fair business practices that can succeed in the long-term.

PERFORMANCE AND KPIS

In 2021, Tekna developed its Employee Code of Conduct, which was approved by the board early 2022.

Tekna is preparing its first ESG report according to the GRI Standards over 2021, which includes an update of the materiality analysis and focus areas.

Tekna did its first climate related risk and opportunities scan with a third party to prepare for TCFD reporting. Tekna increased diversity at upper level by adding 2 females to the director level.

2
newly promoted women
to director level

WORK AND ACTIVITIES TODAY

Tekna is continuing to embed human rights into company-wide governance and compliance programs. Both the Employee and Supplier Code of Conduct addressing the topic are now in place. For employees more likely to be exposed to corruption and bribery risks, further awareness trainings will be organised. The supplier self-assessment requires follow up and auditing in order to ensure compliance. Tekna will continue to enhance transparency and governance by improved reporting.

TARGETS AND AMBITIONS

2022:

- Signatory of UN Global Compact.
- Recruit external board member(s), establish an Audit Committee.
- 100 % of employees signed Code of Conduct.
- Governance assessment with focus on transactions in countries ranking low on the CPI (2021 goal).

100%

of employees have signed the code of conduct

2030:

- 100% of employees to complete annual Code of Conduct training.
- Increase gender diversity in leadership.

Value chain

The value chain used to assess where companies have an impact.



A great place to work

Value chain 2 3

As a high-tech company Tekna is driven to keep and attract exceptional talent to drive innovation. Continued focus on the health, safety and well-being of people is considered critical to the resilience of the company's ongoing operations.

PERFORMANCE AND KPIS

An employee survey was performed in the autumn, giving valuable insights on how to become a better workplace. The company performed baseline measurement of eNPS and eSat, and also increased the completion of internal safety audits to 90%. Tekna is certain these interactions have had a positive effect on safety culture, but the company have not validated their OHS cultural maturity level.

Virtual collaboration is now anchored in a work-from-home policy reducing employee travel and improving work-life balance.

Tekna increased the skill level of staff by training them on new technological tools, on-the-job training plans and management training.

90%

completion of internal safety audits

WORK AND ACTIVITIES TODAY

Tekna has not identified any increased risks regarding human rights in its own global operations. Well-being, health and safety are priorities at Tekna. Extensive risk analyses are performed in order to improve production installations, particularly also for the new Nickel nano production system.

Much effort has gone into recruitment, skill development and work-life balance. The results of the employee survey will help the company continue to improve on these items.

TARGETS AND AMBITIONS

2022:

- Integrate high OHS standards in new facilities in Canada and France.
- Work towards multiple ISO certifications related to health, safety, risk management.
- Publish a description of Tekna's Occupational Health and Safety (OHS) system.

2030:

- Disability accessibility assessment.
- Implement ISO45001 on OHS and ISO31000 on risk management.

GREEN OPPORTUNITIES

Leading innovation in environmental waste recycling, additive manufacturing etc. in partnership with universities.

Focus areas
Tekna

A resilient and responsible supply chain

Value chain 1 2 3 4

Tekna believes there are no shortages or disruptions in the supply chain, just a need for better planning and circular management of resources. Tekna's global supply chain faces risks and could be vulnerable to climate change, so the company aims to encourage capacity-building to strengthen local supply chains.

PERFORMANCE AND KPIS

In 2021 Tekna developed and rolled out Supplier Code of Conduct and supplier self-assessment to ensure that the company prevents and addresses adverse human rights impacts associated with their business activities.

WORK AND ACTIVITIES TODAY

- Tekna is working on the following topics:
1. Map the environmental and social impacts of supplier manufacturing activities (e.g. labour and human rights in supply chain, local communities, impact on ecosystems and biodiversity).
 2. Diversification of suppliers and strengthening resilience of local communities (e.g. to climate risk).
 3. Understand exposure to climate-related risks.

TARGETS AND AMBITIONS

- 2022:**
- Ensure compliance with the Supplier Code of Conduct and increase percentage of sizeable suppliers that signed it by 10% (>150k CAD spend).
 - Understand exposure to extreme weather events with suppliers and in transport routes and develop mitigation plans (TCFD).

- 2030:**
- Report on supplier audits.
 - Reduce transport in supply chain.
 - Green opportunities.
 - Local centralised circular and sustainable supply chains.

Value chain

The value chain used to assess where companies have an impact.



Strive for circular and sustainable production

Value chain 2 3

Tekna's growth, powered by the green transition, introduces an environmental cost in the value chain. Tekna is committed to keeping it as low as possible, through green energy, resource efficiency and aiming for increased circularity. This simultaneously reduces the company's production cost and contributes to securing and improving market positions.

PERFORMANCE AND KPIS

Achieved level 1 and 2 of a local Recycle Program "Ici on recycle+". As part of this Tekna have also started collecting Covid masks and compost at the company's cafeterias.

Exchanged mercury lights and fluorescents in the Canadian production sites to LED.

Quantified scope 1 and 2 GHG emissions for all sites.

A project to better control the consumption of process gases (Helium and Argon) is expected to deliver a 20% reduction of gas consumption going forward.

R&D developed solutions for improved output leading to energy conservation to be implemented in 2022.

Level 1&2 achieved through the local recycle program "Ici on recycle+" **Scope 1&2** GHG emissions are now quantified for all Tekna sites

WORK AND ACTIVITIES TODAY

A sustainable production calls for a low-carbon footprint and closed loop systems. Tekna achieved such closed loops with argon and helium gases as well as water. The company continue to allow work from home (~40%) and offer Hololens Factory Acceptance Tests to reduce GHG emissions from travelling.

Further areas being worked on are Tekna's GHG emissions from production and transport, continued improvements on resource efficiency and waste/water/energy management.

TARGETS AND AMBITIONS

- 2022:**
- Develop action plan to reduce GHG emissions scope 1, 2 GHG baseline measurement for 6/15 categories in scope 3.
 - Implement productivity improvements of Tekna operated plasma system to achieve greater energy conservation.

6/15 GHG protocol categories will be reported on for 2022 **50%** reduction of GHG emissions by 2030

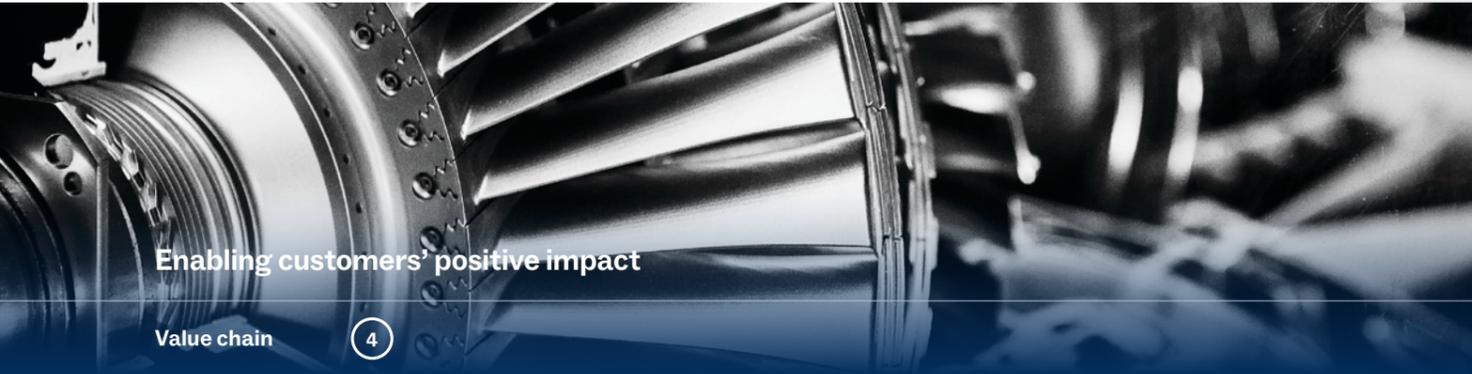
- 2030:**
- Carbon reduction of 50% of scope 1 and 2.
 - Offset carbon emissions from scope 3.

GREEN OPPORTUNITIES

Adapt supply chain and community needs based on various risk assessment, targets and certifications. Identify and interact with local and circular supply chains (local circular economy).

Network of smaller supply chains that can support each other in case of shortages or crises, increasing social and climate resilience.

Focus areas
Tekna



Enabling customers' positive impact

Value chain 4

Tekna aspires to actively contribute to the implementation of circular and resource efficient solutions and carefully plan for resilience with all stakeholders. This will reduce the environmental impact of the value chains it operates in and enable customers' business continuity and allow for positive impacts to shape society.

PERFORMANCE AND KPIS

In order to reduce single-use plastic packaging, Tekna is developing a multi-usage powder transportation vessel together with partners. The prototype was ready at the end of 2021 and it will be put in operations in 2022. The company is closely monitoring the EU Taxonomy regulation and development and have undertaken an external verification by a third party on Tekna's alignment with the Taxonomy criteria and finalized an eligibility assessment.

WORK AND ACTIVITIES TODAY

In 2020 report this focus area was called "Circular and resource-efficient products". The aim remains unchanged: enable and support customers in improving their footprint. For instance, by working and collaborating with all stakeholders to close loops, diversify and shorten supply chains and by supporting (technically) OEM's in their ambitions to move parts manufacturing from traditional subtractive to additive manufacturing. Furthermore, there are ongoing R&D activities to valorize circular concepts in additive manufacturing.

In short:

1. Enabling technology & products for customers.
2. Resource efficiency for customers.
3. Emission and waste reduction for customer.
4. Increased availability & affordability for customers and end-users.
5. Extended life and reduced costs for products and resource.

TARGETS AND AMBITIONS

2022:

Place in operation the multi-usage powder transportation vessel.

Through research of AMGTA (Additive Manufacturer Green Trade Association) conclude on methodology to estimate the volume of raw material saved using additive manufacturing technology.

2030:

Determine alignment of Tekna activities with EU Taxonomy.

Implement data security management system (ISO 27001).

GREEN OPPORTUNITIES

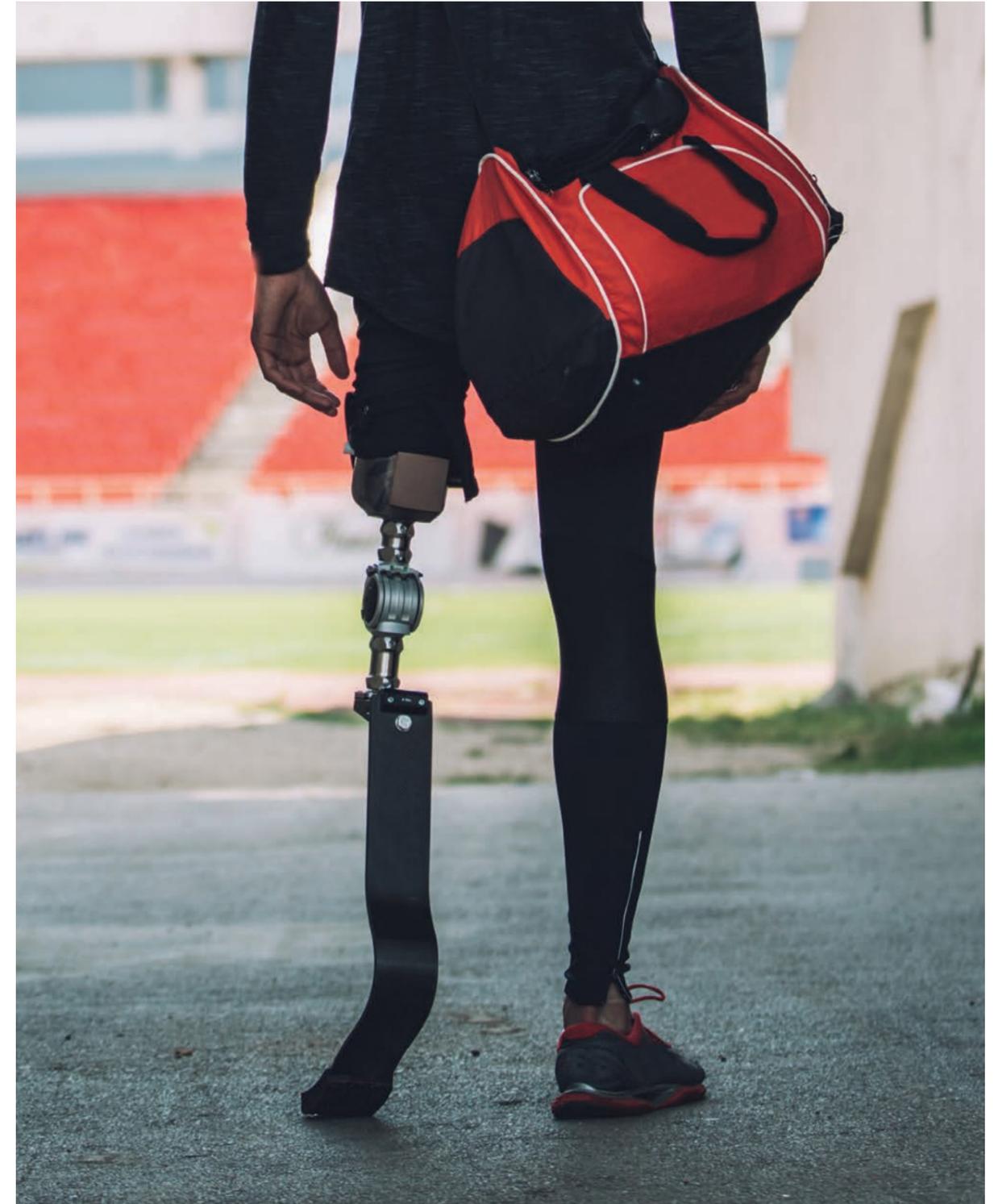
Support (technically) OEM's in their ambitions to move parts manufacturing from traditional to additive manufacturing.

R&D activities to valorise circular concepts in additive manufacturing. Explore the possibilities of Tekna's waste management technology.

Support (technically) OEM's in their ambitions to introduce siliconnano in the manufacturing of anodes for LiBs.

Value chain

The value chain used to assess where companies have an impact.



Tekna

Awarded with certification for performance in waste management



Tekna's Environmental Committee's main goal for the last two years has been to obtain the ICI On Recycle certification for its two buildings in Sherbrooke. This certification recognizes Tekna as an actor on the environmental plan for actions taken aiming for good management of residual materials.

After two years of implementing different actions, the committee has received the certificate for the Tekna Plasma Systems and is awaiting the Tekna Advanced Materials certification.

Here is a short list of actions that the committee has completed in the last 2 years:

1. Training for employees on recycling and reducing at the source.
2. Addition of recycling stations in production areas.
3. Addition of compostable materials collection service in the cafeterias.
4. Creation of awareness posters for waste reduction.
5. Establishment of various policies with an environmental flavor: eco-responsible events, management of residual materials, etc.
6. Default double-sided printing on shared printers.
7. Reuse of single-use bags internally.
8. Reuse of packaging material when possible.
9. Styrofoam sent to the ecocentre for recycling.

Thanks to all the actions taken, Tekna has significantly reduced the amount of waste sent to landfill. The company is now collecting ultimate waste once every week instead of three times a week two years ago.

EFD Induction Portfolio company

HEADQUARTER SKIEN NORWAY	CHAIRMAN ØRJAN SVANEVIK	CEO BJØRN E. PETERSEN	OWNERSHIP AFK 96.1 %	EMPLOYEES 992	COUNTRIES 17
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KPIs	2021	2020	2019
Number of top suppliers that have agreed to the supplier code of conduct	64	0%	0%
Number of top suppliers that have completed the self-assessment questionnaire	76	0%	0%
Total number of new hires ¹⁾²⁾	181	43	119
Percentage of female new hires ¹⁾	14%	19%	15%
Number of female new hires ¹⁾	26	8	18
Total number of employees that has signed CoC	992	970	1066
Percentage of employees that has signed CoC	100%	100%	100%

1) Total number and rate of new employee hires during the reporting period. 2) ESC: gross number of external hiring only (not hiring between internal companies)

EFD Induction is an international high-tech company that supplies advanced induction heating systems to leading manufacturing and service companies. EFD Induction is one of the world's largest industrial induction equipment makers, with sales and service companies, manufacturing plants, workshops and product development centres in Europe, Asia and the Americas.



UN SUSTAINABLE DEVELOPMENT GOALS

The company design, build, install and maintain a complete range of energy-efficient and eco-friendly induction heating equipment for a wide range of industrial applications.

TCFD disclosure

For EFD Induction, ESG issues are regularly discussed by the Board of Directors (BOD) and the Corporate Executive Committee (CEC). The BOD has the highest decision-making responsibility, and approves the strategy and targets, including sustainability and climate-related topics.

EFD Induction conducted a climate risk assessment in 2021, giving important information about the company's climate-related risks and opportunities. This is a step in the process of integrating climate-related risks in the company's overall risk management process.

EFD Induction measures GHG emissions according to the GHG protocol, including scope 1 and 2 and three material categories within scope 3. EFD Induction will set realistic short-term targets based on 2021 ESG assessments. The long-term ambition is to meet reduction targets set in the Paris agreement.

"In essence, adhering to an ESG framework means that you are future-proofing your business. Companies that have made this a priority have the tools to deal with the dramatic challenges that are thrown at us all from time to time. EFD Induction is committed to integrating our environmental, social and corporate governance responsibilities into our business decisions and operation."

Bjørn E. Petersen
CEO

Focus areas

EFD Induction

Value chain

The value chain used to assess where companies have an impact.



Ethical business conduct

Value chain 1 2 3 4

All employees base their daily work and behaviour on the company values – respectful, reliable, cooperative and passionate. The values make sure that EFD Induction follows the laws, act honourably, provide qualitative and reliable products and services to customers, and delivers them in the best possible way wherever they are located.

PERFORMANCE AND KPIS

EFD Induction updated the Code of Conduct in several areas, including the whistleblowing policy. The Code of Conduct ensures equal rights and opportunities for all employees and ban all forms of discrimination on the grounds of ethnicity, gender, sexual orientation, religion or disability. The Code of Conduct is available in Chinese, English, French, German, Norwegian and Hindi.

Starting with an educational program in January, the company trained 20% of the workforce during 2021. The program continues in 2022, when half of the company's global staff will undergo training, and the goal is that everyone in the organisation has taken part in the program before the end of 2023.

20%
workforce trained in educational program in 2021

WORK AND ACTIVITIES TODAY

Whenever considered appropriate, employees are encouraged to report to their line manager, i.e. their immediate superior. In addition, employees may always report concerns to the local managing director, the regional vice president or the CEO. If this is considered inappropriate, employees may also report directly to the CFO or any member of the Board of Directors. Anyone being notified of a concern has a duty to immediately inform EFD Inductions' CEO or, in case of a possible conflict of interest, the CFO, in order to ensure that such concerns will be followed up in an appropriate manner and in line with the company's procedure on the handling of concerns.

In 2021 there were no reported cases.

EFD Induction does not tolerate bribery or corruption in any form. Everyone must comply with applicable anti-bribery and corruption laws and regulations, and actively strive to make sure business partners share this commitment. People and business benefit from well-functioning markets and corruption prevents countries from transforming into efficient market economies. Engaging in corruption may not only have serious effects on EFD Induction, but also on the individuals involved and may result in criminal charges, penalties or sanctions. Bribery, corruption and facilitation payments are prohibited in all business transactions, whether with public officials or private business partners.

All new employees sign the Code of Conduct on their first day of work.

TARGETS AND AMBITIONS

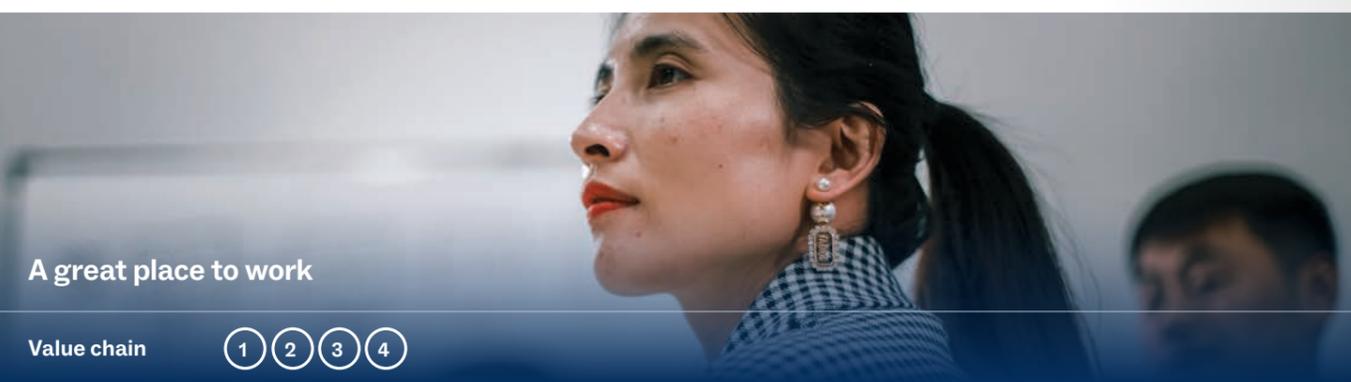
- Train at least 50% of the workforce in the Code of Conduct in 2022.
- Train the remaining up to 30% of the workforce in 2023.

50%
of employees to be trained in Code of Conduct in 2022

80%
of employees to be trained in Code of Conduct in 2023

Focus areas

EFD Induction



A great place to work

Value chain 1 2 3 4

As a global company, EFD Induction sees daily evidence of the benefits of diversity and cooperation across borders, cultures and skill sets, and is a strong believer in equal rights and opportunities for all. The company brings its dedication to safe working conditions one step further, as their induction heating solutions contribute to a safer and better working environment – not just for own employees but for those of their customers as well.

PERFORMANCE AND KPIS

The female ratio at EFD Induction is 15.5% for 2021. The goal for 2025 is to reach 20%. EFD Induction's business is largely connected to electrical and mechanical production and engineering – traditionally a male-dominated arena.

In 2021, the company had four work-related injuries. EFD Induction has consistently had low rates of sickness absence and accidents at work throughout the years. Low turnover and an exceptionally loyal workforce are testaments to the employees' high job satisfaction and feeling of achievement. The vision is to have zero accidents across all operations.

6.7
Employee Net Promoter Score

WORK AND ACTIVITIES TODAY

The pandemic made us challenge conventional work methods and have a pragmatic approach to finding new ones. Digital meetings became part of daily lives at the office, and production sites made tremendous efforts to maintain operations. At the most intense pandemic stages, the CEO sent out weekly emails to the organisation and local managers spread the word to employees not using email in their daily work.

During the year, EFD Induction continued with the succession plan (executive committee, managing directors and development managers) and re-started a talent management and leadership development initiative from 2019.

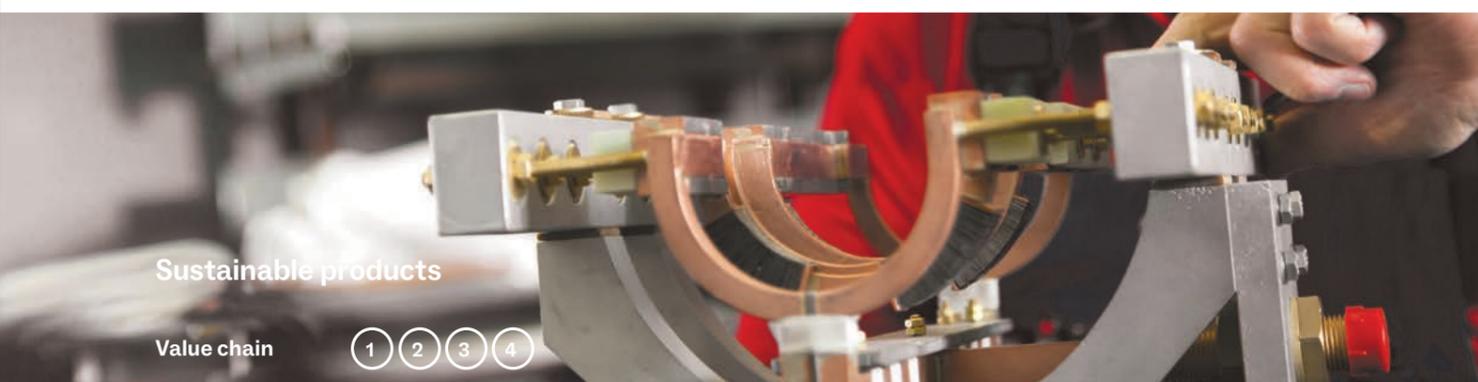
TARGETS AND AMBITIONS

- Continuously improve employee satisfaction (Employee Net Promoter Score > 7).
- Increase the long-term ratio of women in the workforce to 20%.
- Reach the vision of zero work-related injuries.
- Keep the absentee rate below 2,5%.
- Future-proof company profiling for attracting the best talent.

20%
of women in the workforce by 2025

Value chain

The value chain used to assess where companies have an impact.



Sustainable products

Value chain 1 2 3 4

EFD Induction is dedicated to protecting the environment and fighting against climate change. Through expertise and technology, the company aims to be a partner who can assist and advise their customers on how to make the manufacture and maintenance of metal products a clean and green process.

PERFORMANCE AND KPIS

EFD Induction wants to ensure that their product developers always think from a holistic perspective to find the most cost-efficient yet eco-friendly alternative. In 2021, the company finalised a steering document covering all the details you must consider as a designer at EFD Induction.

WORK AND ACTIVITIES TODAY

Getting more done with fewer resources is the driving force in all development. During 2021, EDF Induction launched a new generation of vertical hardening machines, HardLine M. This modular hardening machine is equipped with all the functions needed for smart manufacturing in the age of Industry 4.0. The company also introduced Compact Weldac, the world's most compact one-cabinet 300 kW solid-state tube welder. Less power consumption, better weld quality and easier operation are some of the benefits.

Compact Weldac is the most compact tube welder on the market. SiC (Silicon Carbide) inverter technology gives an impressive 91% efficiency from the mains to the coil – 7% more than previous systems and 35% more than vacuum tube converters. Along with a constant high electrical power factor, 95% at all power levels, there are substantial energy cost savings potential. The communication platform is ready for Industry 4.0.

TARGETS AND AMBITIONS

- Establish infrastructure for IoT connectivity and launch digital services.
- Continue the implementation of new design guidelines.
- Keep on launching highly efficient, durable machines ensuring lower energy consumption as well as lower GHG emissions.

GREEN OPPORTUNITIES

Industry 4.0 is a prioritised area for many customers today. Sharing and analysing production data allow companies to integrate with other companies in the value chain and improve predictive planning and performance while reducing waste and travelling. To meet an expected rise in customer demand within IoT connectivity solutions, EDF Induction equip their mobile and stationary induction heating systems with a digital control system prepared for remote service and control.

IoT connected equipment will enable the company to avoid downtime for the customer without personnel actually travelling to the site. This is, however, just the first step in developing more connected services for the good of the customers. In the future, EFD Induction will be able to enlist expert help if their local service competence is not sufficient, and the company will perform predictive maintenance of the equipment, preventing breaks in production.

Focus areas

EFD Induction



Resource efficient production



EFD Induction supports the shift towards sustainable growth via a resource-efficient, low-carbon economy. The energy transition will continue to increase in importance as investors prioritise environmental, social and governance factors, and customers should feel secure that products are manufactured and distributed sustainably and responsibly.

PERFORMANCE AND KPIS

Certification according to ISO 14001 makes EFD Induction a more attractive company to work with and work for. The company performed the certification process for production sites in Norway in November 2021, and got the certificate in December. The plan for 2022 is to certify all sites in China and India according to ISO 14001, and the goal is to certify all sites worldwide. Logistics is closely connected to carbon emissions. In 2021, EFD Induction moved production of a number of time-critical parts from the production site in India to their Romanian site, in order to reduce the company's environmental footprint.

WORK AND ACTIVITIES TODAY

EFD Induction has both a global and a local focus on continuous improvement work – especially with ESG issues. The company has mapped all opportunities to support this program, and will report on the work monthly. The effort is especially aimed at energy efficiency and reducing carbon footprint through travel as well as waste, scrap and rework.

In December, EFD Induction replaced all lighting with controllable LED light armature at the headquarter and all production sites in Norway. An investment of 2,7 MNOK with the potential to reduce electricity costs for lighting by 75%. In addition, the armatures will last longer as it goes from 5,000 hours of illumination to 2,500 hours per year. The payback time for the new LED lighting solution is 3.5 years, with estimated annual energy savings of 425,000 kWh – which is about the yearly electrical consumption for 20 single-family houses.

TARGETS AND AMBITIONS

- Continue with certification of production facilities according to ISO 14001 in China and India (2022) and eventually for all manufacturing plants.
- Consider even more ways to cut carbon dioxide emissions, for example, by having electric vehicles as the preferred choice when buying or leasing company cars.
- Evaluate the investment in LED lighting in Norway for further investments in energy-saving lightning at other premises in the organisation.

GREEN OPPORTUNITIES

Reduction of scrap, waste and re-work. Replace all plastic or paper cups and plastic utensils with re-usable.

Value chain

The value chain used to assess where companies have an impact.



A responsible and robust supply chain



EFD Induction is part of a major global industry and operates in a premium market segment, with many of the world's largest production companies as customers. In this market, there is a strong demand to demonstrate a sustainable supply chain – most particularly so in the automotive industry.

PERFORMANCE AND KPIS

In 2021, EDF Induction established an online system for evaluating supplier performance based on self-assessment. Each supplier is categorised (strategic, volume, one-off), and the categorisation determines the way the company perform their follow-up activities. Moreover, the system takes into consideration the Supplier Code of Conduct and thereby reduces the company's business risks.

WORK AND ACTIVITIES TODAY

EFD Induction complies with regulatory requirements regarding prohibition and restriction of hazardous substances and will avoid the use of conflict materials, i.e. materials that originate from conflict areas and contribute to fund governments and movements which violate fundamental human rights.

In 2021, EFD Induction has implemented a Supplier Code of Conduct that applies to all significant business partners supplying material, labour or services. EFD Induction does not want to be associated with partners lacking appropriate ethical standards. In order to do business with EFD Induction, business partners must therefore commit to adhering to the ethical standards.

TARGETS AND AMBITIONS

- Stronger demands on suppliers contribute to a sustainable production chain.
- Ensure that 100% of suppliers have signed the Supplier Code of Conduct before the end of 2022.
- Ensure that 100% of prioritised suppliers have completed the self-assessment questionnaire before the end of 2022.

100%

of suppliers have signed supplier code of conduct

GREEN OPPORTUNITIES

EFD Induction have identified transport as a key area of reduction of GHG emissions in the supply chain.

As EFD Induction puts an even stronger demand on suppliers, this will contribute to an eco-friendlier production chain. These efforts will help reduce GHG emissions, water consumption, the use of conflict minerals etc.

EFD Induction

Assisted in combating Covid-19 in India

India was hit hard in the second wave of coronavirus infections. The country, which is Asia's third largest economy, recorded at least one out of every three new COVID-19 cases around the world during the second wave, according to Reuters. The sharp increase in cases strained the healthcare system and led to an urgent need for oxygen supplies.

EFD Induction has three offices in India, in Bengaluru North Taluk, Delhi and Pune.



As the second wave of Covid-19 was raging through the country in April 2021, EFD Induction in India not only helped their co-workers but also extended helping hands to the community.

Due to the high number of patients in need of treatment, the government had banned the supply of oxygen to industries and diverted all oxygen for medical use. EFD Induction came to the rescue by promptly providing twenty cylinders of oxygen from the office in Thailand and ten oxygen concentrators from the Chinese office. The company also supported government hospitals with food for almost a month, provided food kits to over 200 underprivileged people and supplied police stations with personal protective equipment.

Organizing a vaccination drive was another initiative from EFD Induction. The demand was massive, but the Indian organization managed to vaccinate both its own staff and employees from a neighboring company at EFD Induction's production premises.

Eighteen employees at EFD Induction India were infected in the second wave. Thankfully, all have recovered and are back at work. Throughout the ordeal, the Indian organization showed tremendous resolve to ensure business continuity.

NSSLGlobal Portfolio company

HEADQUARTER SURREY, UK	CHAIRMAN ARILD NYSÆTHER	CEO SALLY-ANNE RAY	OWNERSHIP AFK 80 %	EMPLOYEES 216	COUNTRIES 9
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KPIs	2021	2020	2019
Value of refurbished stock held as a % of total stock ¹⁾	3.00%	4.00%	5.00%
Value of total stock held, in GBP	7,401,313	7,737,817	6,103,498
Number of stock refurbished	1,572	1,558	1,663
Number of dead-on-arrival equipment received per month	4.17	4.92	5.17
Safety statistics monitored and published ²⁾	100 %	100 %	40 %
Percentage hours downtime outside of routine maintenance	0.22%	0.15%	0.40%
Total hours outside of routine maintenance	13.25	9	8.5
Total hours downtime outside of routine maintenance	6.17	4	27
Hours downtime of VSAT network ³⁾	0.04%	0.04%	0.03%
Total hours of VSAT network	8,760	8,784	8,760
Total hours of VSAT network downtime ⁴⁾	3.5	3.51	2.63
Average length of service for all employees	8.47	7.65	8.41
Number of top 100 suppliers that have completed the self-assessment questionnaire ⁴⁾	98	56	33

1) From leasing or take-back schemes 2) % of Safety Audits completed 3) Excludes planned outages 4) Excludes planned outages

NSSLGlobal Group is an independent provider of satellite communications and IT solutions with innovation and customer service at the core of its DNA. With over 50 years of experience in the government and maritime mobility markets, NSSLGlobal provides best-in-class satellite solutions working in partnership with some of the largest MSS and VSAT satellite operators. Headquartered in the United Kingdom, the company employs 200+ staff worldwide and has offices across Germany, Denmark, Norway, Sweden, Poland, Israel, Singapore, Japan, and the United States.



UN SUSTAINABLE DEVELOPMENT GOALS

TCFD disclosure

For NSSLGlobal, the Board of Directors (BOD) sets policy for all areas of operations and approves objectives, including ESG-related topics. The CEO is responsible for providing correct resources to meet the business' aims and objectives and is assisted by the Senior Management Committee (SMC) to ensure that relevant processes are established, implemented, communicated and maintained.

NSSLGlobal conducted a climate risk assessment in 2021, giving important information about the company's climate-related risks and opportunities. This is a step in the process of integrating climate-related risks in the company's overall risk management process.

NSSLGlobal measures GHG emissions according to the GHG protocol, including scope 1 and 2 and two material categories within scope 3. NSSLGlobal is currently in the process of producing a Carbon Reduction Management Plan which will highlight the medium and long-term GHG emissions reductions. The ambition is to reduce emissions by 50% by 2035 and 100% by 2050, in line with the UK Government guidelines.

"NSSLGlobal has strong values and is committed to working ethically and sustainably. We seek to be a fair employer and pride ourselves on being a customer and supplier of integrity. We expect the same of our clients, partners and our supply chain. We operate an effective integrated management system and hold ISO 14001, 9001,45001, 27001 & 44001 certifications."

Sally-Anne Ray
CEO

Focus areas
NSSLGlobal



Ethical business conduct

Value chain 1 2 3 4

NSSLGlobal seeks to be a fair employer and prides itself on being a customer and supplier of integrity. NSSLGlobal has been in business for more than 50 years and intends to be in business for the next 50 years. As such it is vital that the company builds long-term trusting relationships with customers and suppliers.

PERFORMANCE AND KPIS

NSSLGlobal achieved certification in ISO 44001:2017 (Collaborative Business Relationship Management System). This standard has its focus on trust and integrity and ensuring systems and processes to support positive collaborative relationships, of which anti-corruption avoidance is one part.

NSSLGlobal has a Business Integrity, Bribery and Corruption Code of Conduct which all employees have been trained in and have signed.

100%

of NSSLGlobal's employees have signed and been trained in the company Code of Conduct

WORK AND ACTIVITIES TODAY

NSSLGlobal is committed to acting ethically, legally and with integrity and fairness across all business and relationships. The Management team and Board of Directors have overall responsibility for ensuring this policy complies with legal and ethical obligations, and that all those under the company's control comply with it. The topic of business ethics is now an agenda item for consideration and reporting both at board and management team level.

NSSLGlobal's Code of Conduct applies to commercial relationships with customers and suppliers. Supplier questionnaires ensures this topic is a central theme in key supplier relationships as well as with those that NSSLGlobal partner with on larger contract and bid opportunities.

TARGETS AND AMBITIONS

NSSLGlobal has an ambition to roll out lessons learnt in its ISO 44001 in all its business dealings to encourage the right behaviours within its employees, and to ensure collaborative teams, as well as a partnership approach to working with suppliers and customers to solidify long term relationship.

ISO 44001

Ambition to roll out lessons to encourage the right behaviours

Value chain

The value chain used to assess where companies have an impact.



A great place to work

Value chain 2 3 4

By providing the right conditions and the right culture NSSLGlobal believe they attract and retain the right people to the company to meet the strategic aims. Keeping employees safe, happy, motivated and involved is vital to the NSSLGlobal business.

PERFORMANCE AND KPIS

The average length of service amongst existing staff has increased. NSSLGlobal has not met their target in terms of staff hiring/turnover/retention. It has been particularly hard to hire during the pandemic and the company have found it hard to retain staff because of the offices being largely empty. This restricted the company's onboarding process and ability for new staff to be easily integrated into their teams.

WORK AND ACTIVITIES TODAY

NSSLGlobal has a global, diverse and multi-cultural workforce and has in place policies on Health and Safety, Anti-Bribery, Business Integrity and Corruption, Bullying and Harassment at Work, Religious belief, Equality and Diversity, Modern Slavery Act Statement. The company demand their suppliers have similar policies in place.

NSSLGlobal is committed to listening and supporting their staff and takes pride in being a caring employer. In particular, mental health awareness and coping with stress have been a priority during the Pandemic with a Company Mental Wellness Champion within the company who is trained and available to support the staff. The company has a gym at their HQ for employees to promote physical well-being.

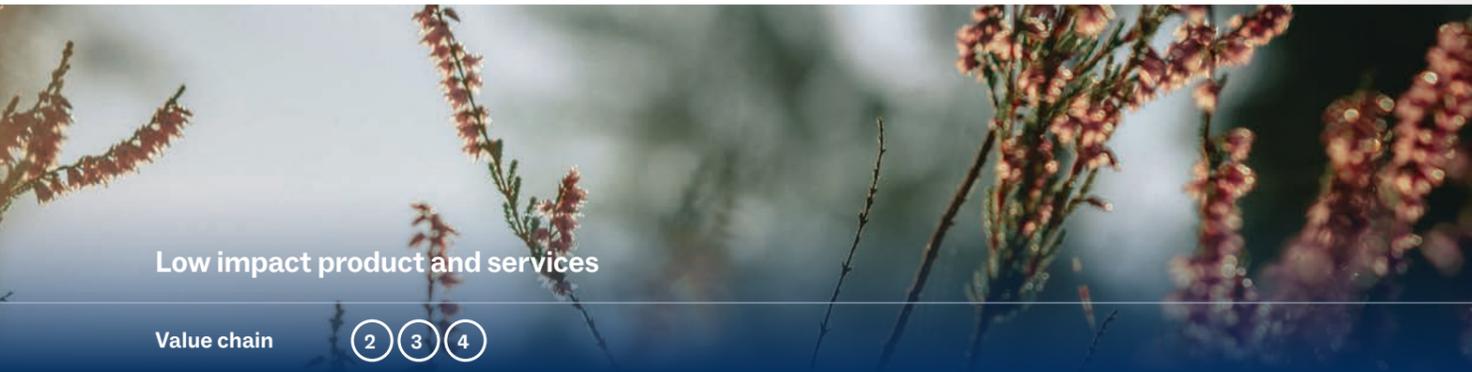
Recruitment

In 2019 the company invested in a NSSLGlobal Engineering Graduate scheme in support of Science, technology, engineering and maths (STEM) with 5 engineering graduate trainees hired at the end of 2019 all of whom have now taken up permanent positions.

TARGETS AND AMBITIONS

NSSLGlobal's key target and focus for 2022 is to fill the significant number of vacancies across the Group. The company seeks to improve the following: percentage of women in the workforce, staff turnover and absenteeism, average length of service, lost time incidents and near miss reports.

Focus areas
NSSLGlobal



Low impact product and services

Value chain 2 3 4

NSSLGlobal looks to reduce the impact on the climate by being selective on the products the company buy and careful about the services used. In order to reduce its carbon footprint as well as its support cost, the company seeks to supply and increasingly develop reliable high products.

PERFORMANCE AND KPIS

NSSLGlobal succeeded in many of its goals. The development of its latest Smart@Sea Platform which was launched in the summer of 2021 and which the company have remotely rolled out to 90% of VSAT customers over the last 6 months, thereby upgrading and enhancing existing onboard equipment supporting reuse and recycling rather than hardware replacement.

The launch of Smart Maintenance plans.

The improvement of vendor process with focus within the company's vendor questionnaire on enhanced environmental and social value input.

The participation by the UK HQ in the ESOS and SECR programme for measuring carbon emissions and energy usage.

WORK AND ACTIVITIES TODAY

NSSLGlobal engineers travel globally to support its customers in the field. By increasing the reliability of its products and developing remote diagnostics and remote fix, GHG emissions can be reduced accordingly. Products are developed to last and to be upgradeable via remote software upgrades without having to replace the hardware.

There is an active take-back program in place for equipment that customers no longer need which are refurbished for resale, rental or for support stock. The Smart@Sea product portfolio also allows NSSLGlobal real-time remote monitoring for customers' on board IT systems along with remote diagnostic and preventative maintenance. This in turn reduces the amount of onsite/ on vessel global field service intervention that are needed hence reducing the company's carbon footprint.

Internally ICT equipment is also purchased with longevity in mind, identifying products made from recycled plastics and that can be updated through applying patches instead of purchasing new equipment.

TARGETS AND AMBITIONS

- Roll out of ESOS and SECR programmes to NSSLGlobal's smaller Group offices.
- Continued development of Smart Maintenance plans into the company's maritime customer base to extend the life of their customer equipment.
- Continuation of oversight of key vendors to ensure compliance to policies and procedures.

GREEN OPPORTUNITIES

Continue to develop the Smart@Sea Operating platform to reuse existing equipment (circularity) and provide NSSLGlobal VSAT maritime customers with real-time monitoring of their on-board systems along with remote diagnostic reducing on vessel global field service intervention, thereby reducing the carbon footprint. The company's newly launched Smart Maintenance plans supports this. Ethical business conduct is important to be a good employer and a trusted business owner.

Value chain

The value chain used to assess where companies have an impact.



Safe and reliable products

Value chain 1 4

It is vital that NSSLGlobal's products are safe, reliable and secure if customers are to continue to purchase from the company in the long term.

PERFORMANCE AND KPIS

In 2021 NSSLGlobal successfully passed its ISO45001 and Cyber Essentials Plus recertification as well successfully certifying for ISO27001.

The company also rolled the new Smart@Sea software platform, which includes Cyber security compliant services to support the maritime industry with their IMO 2021 security compliance. The International Maritime Organisation is the United Nations specialised agency with responsibility for global standard-setting for the safety, security and environmental performance of international shipping.

WORK AND ACTIVITIES TODAY

The company seeks to supply and develop reliable high-quality products. It monitors the number of dead on arrival equipment received as well as product failure trends. NSSLGlobal also follows industry best practice and are certified in ISO9001 (across the Group) and in 2020, passed ISO45001 (UK HQ).

All equipment purchased for use with the company's products is commercial off the shelf with the relevant declarations of conformity (CE or UKCA marked) to comply with legislation. The vendor's questionnaire that is sent out to suppliers asks for confirmation of compliance with legislation and that all equipment provided will have the relevant declarations of conformance to satisfy requirements.

Suppliers who cannot provide these details are not used. The R&D division are further developing the in-house remote management/reporting tools for both internal and customer use via the company's Insight portal as well as the development of the new Smart@Sea software platform.

TARGETS AND AMBITIONS

In 2022 the aim is to utilise the new Smart@Sea Operating platform which is rolled out across most of the customer network. This utilises existing on board equipment, but with additional security modules which will protect the company's customers network and allow the IT teams to remotely manage their on board networks.

GREEN OPPORTUNITIES

As part of circular economy, NSSLGlobal is now looking for products that are used from recycled materials which can be reused again. The company is also on the search for products that have longevity such as ICT equipment that can be upgraded through patches and not buying new e.g. the CISCO IP 8000 phone.

Focus areas

NSSLGlobal

Value chain

The value chain used to assess where companies have an impact.



Keeping people connected

Value chain



Communication is the key to success. NSSLGlobal focus on good customer relations and services by constantly engaging with staff, customers, clients and vendors alike.

Keeping people connected globally is at the core of NSSLGlobal's business activity. It provides secure satellite communications to maritime and governmental customers globally.

PERFORMANCE AND KPIS

NSSLGlobal's customers depend on its services globally. It is vital that NSSLGlobal continues to provide the highest availability and is highly trusted in the industry alongside secure and fast communications to ensure customer satisfaction.

NSSLGlobal actively encourages customer feedback and monitors this customer satisfaction feedback in its monthly management meeting and key customer bi-annual meetings with members of the Executive team.

To this end, NSSLGlobal exceeded its network availability figures as well as its customer satisfaction and complaints measures.

WORK AND ACTIVITIES TODAY

NSSLGlobal provides secure satellite communications and IT solutions to Defence and Security Governmental customers for peacekeeping activities, deployments, protection of sovereign assets and building stability overseas, delivery of humanitarian aid and disaster or conflict relief (including supporting the remote communication needs of NGO's such as United Nations and Greenpeace).

The support network for the satellite communications services is active 24/7 365 days a year. NSSLGlobal is contactable by email or phone and the experienced support team engage with the clients and customers keeping a constant link and record of all calls and emails.

The project managers work closely with their respective customers and clients building a trusted report. The company's purchasing team have a good working relationship with vendors and suppliers; this connection enables quick respond to downstream changes. The connection with interested parties is a key aspect of who NSSLGlobal is as a company.

TARGETS AND AMBITIONS

To monitor and ensure the highest network availability and performance. This includes a contractual commitment with customers of 99.5% network availability and a goal to exceed 99.7%.

Customer satisfaction, customer response times and no/minimal customer complaints are also important measurements that the management team monitor monthly.

99.7%

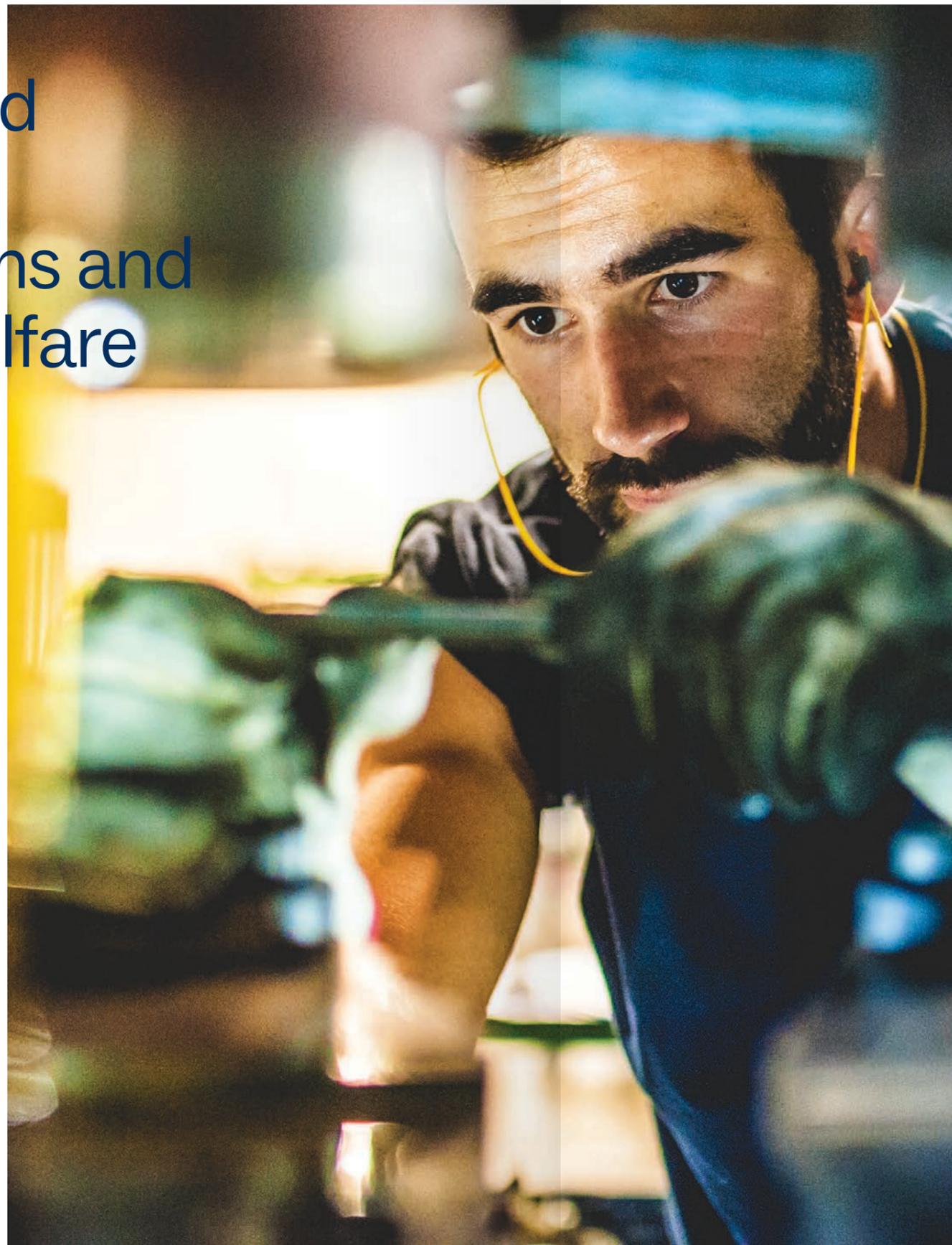
goal for network availability

GREEN OPPORTUNITIES

Better performance figures are a result of less down time for the customer and therefore a reduced requirement for engineers to travel to the customer to rectify problems, this will reduce NSSLGlobal's carbon footprint with reduced travel emissions.

NSSLGlobal

Improved working conditions and crew welfare



Putting people first, NSSLGlobal improved employees' working conditions and crew welfare during 2021.

With more than 200 staff across the world and serving customers in all major continents, NSSLGlobal is committed to keeping people safe and motivated. The company puts its pride in improving working conditions for the better of people and partners – and the planet.

In 2021, NSSLGlobal switched to a greener supply of energy. The company continued to improve working conditions at the headquarters by updating air conditioning systems and upgrading to LED lighting. The refurbishment not only improved conditions within the workspace, but also reduced energy consumption.

Implementing a hybrid working-from-home regime has provided employees with an enhanced work/life balance. It has also enabled NSSLGlobal to reduce vehicle emissions due to less travel, reducing the impact on the climate while maintaining the required standard of work.

NSSLGlobal has retained an ISO 14001 certification by successfully completing the rectification audit which demonstrates that the environmental management system is fit to support all environmental aims and objectives.

During 2021, NSSLGlobal developed its Smart@Sea solutions, which enhance the welfare of the onboard crew who are often away from their families for months at a time. Improvements included roll out of local language news bulletins as well as sports.

NSSLGlobal also continued to support European governmental customers in several critical relief and peacekeeping missions around the world.

NSSLGlobal continues to support social and environmental causes, including financial donations to the charities chosen by the staff for 2021. These include the Sailors' Society, Marine Conservation Society, SSAFA – the Armed Forces Charity, Veteranprojekt Grønland and Welthungerhilfe.

Alytic

Portfolio company

HEADQUARTER	CHAIRMAN	CEO	OWNERSHIP	EMPLOYEES	COUNTRIES
ARENDAK NORWAY	MORTEN HENRIKSEN	ESPEN ZACHARIASSEN	AFK 100 %	46	2



KPIs	2021	2020
Injury rate (IR) ¹⁾	0	0
Occupational disease rate (ODR)	0	
Absentee rate (AR) ²⁾	0.0%	2.97 %
Total number of new hires ³⁾	17	n/a
Percentage of female new hires ³⁾	35 %	n/a
Total number of workforce that has been trained in the AFK Code of Conduct ⁴⁾	6	
Percentage of workforce that has been trained in the AFK Code of Conduct ⁴⁾	17.5	

1) LT1 = ((Number of lost time injuries in the reporting period] x 1,000,000) / (Total hours worked in the reporting period). 2) AR = Number of absence days / number of available work days during year 3) Total number and rate of new employee hires during the reporting period. 4) Alytic will implement its own CoC in 2022.

Alytic invests to create a positive impact for the society, companies, and teams the company engages in. Investments are made in companies with deep domain knowledge and a clear potential for growth, to which Alytic can contribute with significant value. Alytic helps realising enhanced product offerings, reaching new markets and ensuring recurring revenues. The company offers resources with know-how and skillset in leadership, technology, data science, business, and people & culture, to bring companies into a growth stage.



UN SUSTAINABLE DEVELOPMENT GOALS

Alytic was established late 2020, with first investment made in Kontali. In 2021 the company invested in Utel Systems and Greenfact.

TCFD disclosure

For Alytic, the Board of Directors (BOD) meets regularly. No material climate-related risks have been identified as part of Alytic or Alytic's portfolio companies' activities. Alytic collaborates with the AFK ESG team to follow up risks and business opportunities. The management team is collaborating on search and identifying investment opportunities within climate risk.

Alytic conducted a climate risk assessment in 2021, giving important information about the company's climate-related risks and opportunities. This is a step in the process of integrating climate-related risks in the company's overall risk management process.

Alytic measures GHG emissions according to the GHG protocol, including scope 1 and 2 and two material categories within scope 3. A baseline for GHG emissions will be drawn from the 2021 disclosure and specific goals related to GHG emissions reduction will be set in 2022.

"In Alytic we strive to build great companies. For Alytic, ESG is both an integrated part of the how we work with our portfolio companies and how Alytic evaluates and decides where to invest."

Espen Zachariassen
CEO

Focus areas
Alytic

Value chain

The value chain used to assess where companies have an impact.



Ethical business conduct

Value chain 1 2 3 4



A great place to work

Value chain 2 3



Climate impact

Value chain 1 2 3 4

Ethical business conduct is important to be a good employer and a trusted business owner.

PERFORMANCE AND KPIS

Alytic has done a deep dive on Kontali's value chain and did not find negative impacts of any kind. For new investments in Utel Systems and Greenfact, Alytic has assessed their value chain, employee contracts and stakeholders.

WORK AND ACTIVITIES TODAY

Alytic has been part of the nanolearning program on Ethical framework, including Code of Conduct in Arendals Fossekompani.

When running due diligence processes, Alytic assesses the companies value chain, and follow this up continuously together with the management of the portfolio companies.

TARGETS AND AMBITIONS

Implement a common Code of Conduct for Alytic and portfolio companies.

Establish a mandatory e-learning program about ethical business conduct in portfolio companies.

GREEN OPPORTUNITIES

Systemize value chain analysis so that it becomes a regular part of the companies' routines.

Alytic supports equal rights, fair treatment and good working conditions. Alytic believes that a diverse workforce brings new perspectives and helps reach the company's long term goals. Alytic would like to be a preferred employer and be able to recruit the best people.

PERFORMANCE AND KPIS

2021 was a build-up phase in Alytic and the core team was in place during the fourth quarter. In 2022 the company will develop its ESG strategy and targets.

Kontali was part of Alytic in all of 2021. The company reached its targets based on 40 % female employees, an absence rate of 1,2% and a turnover rate of zero.

40%

women in the workforce of Kontali

0%

turnover in Kontali

WORK AND ACTIVITIES TODAY

1. Human rights and social welfare: No identified risks. Alytic assesses portfolio companies' value chains and ensures that all workers and contractors have good conditions.

2. Alytic uses the same recruitment system across the companies to professionalize the recruitment process.

Alytic organizes network meetings across companies. In the budget processes Alytic ensures that their companies have room for competency development by attending conferences and courses and follow up this with the management. Work-life balance is important, some examples from Alytic companies are the use of software for working hours registration to keep track and regular one-on-ones with their manager.

3. Alytic follows the Work Environment Act, internal routines and procedures in each company.

TARGETS AND AMBITIONS

- Define ESG Strategy for each company individually.
- Leadership development program for managers in the portfolio companies.
- Further improving recruitment processes within the following areas: advertising, interviews, tests, and onboarding.
- Establish systems and cadence for employee follow-up and work-life balance.

Climate change is one of the biggest challenges of our times. Alytic wants its investments to be responsible and the company takes responsibility for their impact on people, the environment and society.

PERFORMANCE AND KPIS

Alytic put measurements in place for 2021 and will use this year as a baseline.

WORK AND ACTIVITIES TODAY

Alytic and its portfolio companies strive to have a minimal negative impact on the environment, and are conscious when it comes to travel, waste and the companies invested in. An example of how Alytic makes a positive impact is Greenfact. They enable organizations with data-driven insights to optimize their climate targets and facilitate the green energy transition.

TARGETS AND AMBITIONS

Alytic will revert with specific targets, using 2021 as a baseline.

GREEN OPPORTUNITIES

For Alytic ESG is an integrated part of the how the company works with their portfolio companies, and also an opportunity to invest in companies that are part of the solution.

Alytic

Aiming to prevent food waste in the seafood industry



As demand for seafood is growing, the question of sustainability arises. How can we ensure sustainable food for the world's growing population?

Together with SINTEF Ocean, Kontali's Head of Analysis, Ragnar Nystøyl, and Analyst for Fisheries, Gunn Strandheim, have contributed on a project to map and prevent food waste in the seafood industry. The project is funded by Fiskeri og havbruk-snæringens forskningsfond (FHF). To ensure sustainable food for the world's growing population, we must make maximum use of catches and ensure that as much of the raw material as possible can be used as food, ingredients, or feed.

The purpose of the project was to register food waste in the seafood industry as well as report figures related to food waste for the entire seafood industry for the year 2020. Furthermore, the aim was to bring to light the causes of food waste at a sector and industry level and the actions taken to reduce food waste.

Findings from the report shows that approximately 12,400 tonnes of food waste were generated in the seafood industry in 2020, which adds up to over 30,600 tonnes of CO2 equivalents. The economic loss was estimated to between NOK 530 and 600 million.

The importance of this project is based on the fact that one third of all food produced in the world is either destroyed or discarded. One third equals 1.3 billion tons of food every year, which makes food waste both an environmental problem and a challenge for the climate. Reducing food waste is therefore one of the main focus areas in terms of sustainability both globally and in the EU.

AFK Property Portfolio company

HEADQUARTER ARENDAL	CHAIRMAN TORKIL MOGSTAD	CEO TOM KRUSCHE PEDERSEN	OWNERSHIP AFK 100 %	EMPLOYEES 1	COUNTRIES 1
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AFK Property owns and develops properties. There are two major projects in the portfolio: Bryggebyen and Gullknapp Aerial Center. Bryggebyen is a development project where an old industrial area is being transformed into a new urban city, including 700 apartments and commercial facilities. It is located just outside Arendal's city centre. Gullknapp Aerial Center is a competence centre for drones and educational hotspot for future pilots located in Froland.



**UN SUSTAINABLE
DEVELOPMENT GOALS**

TCFD-disclosure

For AFK Property, all environment, social and governance issues are regularly on the agenda in the Board of Directors (BOD), in the Audit Committee (AC) and in the management team. The BOD has the highest decision-making responsibility, and approves the strategy and targets, including sustainability and climate-related topics.

AFK Property conducted a climate risk assessment following the TCFD recommendations in both in 2020 and in 2021, giving important information about the company's climate-related risks and opportunities. This is a step in the process of integrating climate-related risks in the company's overall risk management process.

AFK Property measures GHG emissions according to the GHG protocol, including scope 1 and 2 and material categories within scope 3. AFK Property will develop a roadmap for reduction of GHG emissions according to science-based targets in 2022. The long-term ambition is to meet reduction targets set in the Paris agreement.

KPIs	2021	2020	2019
Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable ¹⁾	303.06	176.44	22.66
Recycling (tonnes)	253	127.02	16.98
Number of environmental accidents accidents in ocean (oil spill etc.)	0	0	n/a
Number of environmental accidents accidents on land	0	4	n/a

Focus areas

AFK Property



Ethical business conduct

Value chain 3

Our values, which are collaborative, dynamic, responsible and long-term perspective, are at the core of how we operate and navigate in our daily operation. This requires good governance and compliance, and a focus on transparency.

PERFORMANCE AND KPIS
The employees sign the company-wide Code of Conduct at the beginning of employment.

100%
have signed the code of conduct

WORK AND ACTIVITIES TODAY
AFK Property follows the company-wide Code of Conduct for AFK.

TARGETS AND AMBITIONS
The targets and ambitions for AFK Property is to ensure that 100% of our employees have signed the Code of Conduct. At Gullknapp, we are also working to ensure that all employees have signed the Quality Policy.



A great place to work

Value chain 2 3

The employees are essential for AFK Property's success. We value our employees and put their health and well-being as a top priority.

PERFORMANCE AND KPIS
We continuously monitor the safety of our activities. This includes both our own employees and workers employed by our contractor.

0
injuries in 2021

WORK AND ACTIVITIES TODAY
At Bryggebyen, construction workers are exposed to potential hazards. They work with industrial machines, heavy transport, and heights. The contractors keep a record for accidents involving their construction workers, and make sure that HSSE standards are fulfilled. Accidents and incidents are reported to Bryggebyen. Employees will complete the necessary HSSE courses. At Gullknapp, all new employees receive the Quality & HSSE Policy, and HSSE performance is evaluated each month.

TARGETS AND AMBITIONS
Our target and ambition is to have zero serious injuries.

Value chain

The value chain used to assess where companies have an impact.




Environmental footprint of own operations

Value chain 1 2

AFK Property is all about developing the Arendal region. Our vision with Bryggebyen is to create a new, green city area where we evaluate the environmental footprint throughout the construction process. At Gullknapp, we value our surroundings and annually conduct environmental audits to evaluate how the activities affect the surrounding environment.

PERFORMANCE AND KPIS
At Bryggebyen, a primary focus has been to monitor waste from the construction process. Most of the waste has been recycled. At Gullknapp, chemical oxygen demand and noise levels are being monitored. Chemical oxygen demand is well below the limit of 10 tonnes and noise levels are satisfactory.

303
Total waste (tonnes) at Bryggebyen

253
Recycled waste (tonnes) at Bryggebyen

WORK AND ACTIVITIES TODAY
At Bryggebyen, we focus on environmentally friendly solutions with a long lifespan. During construction, minimizing energy use and maximizing recycling are important priorities. At Gullknapp, we have engaged Asplan Viak to conduct annual environmental audits.

TARGETS AND AMBITIONS

Bryggebyen's goal is to create an urban city with sustainable living conditions, and also to secure the investments of the apartment buyers. For Gullknapp, the goal is to continue to monitor the impact on our surroundings. Through consultancy from Asplan Viak we are confident that we are monitoring the material parameters of our operations.

GREEN OPPORTUNITIES

In 2021, AFK Property conducted an assessment of the EU Taxonomy and identified several opportunities for future alignment with the regulations.

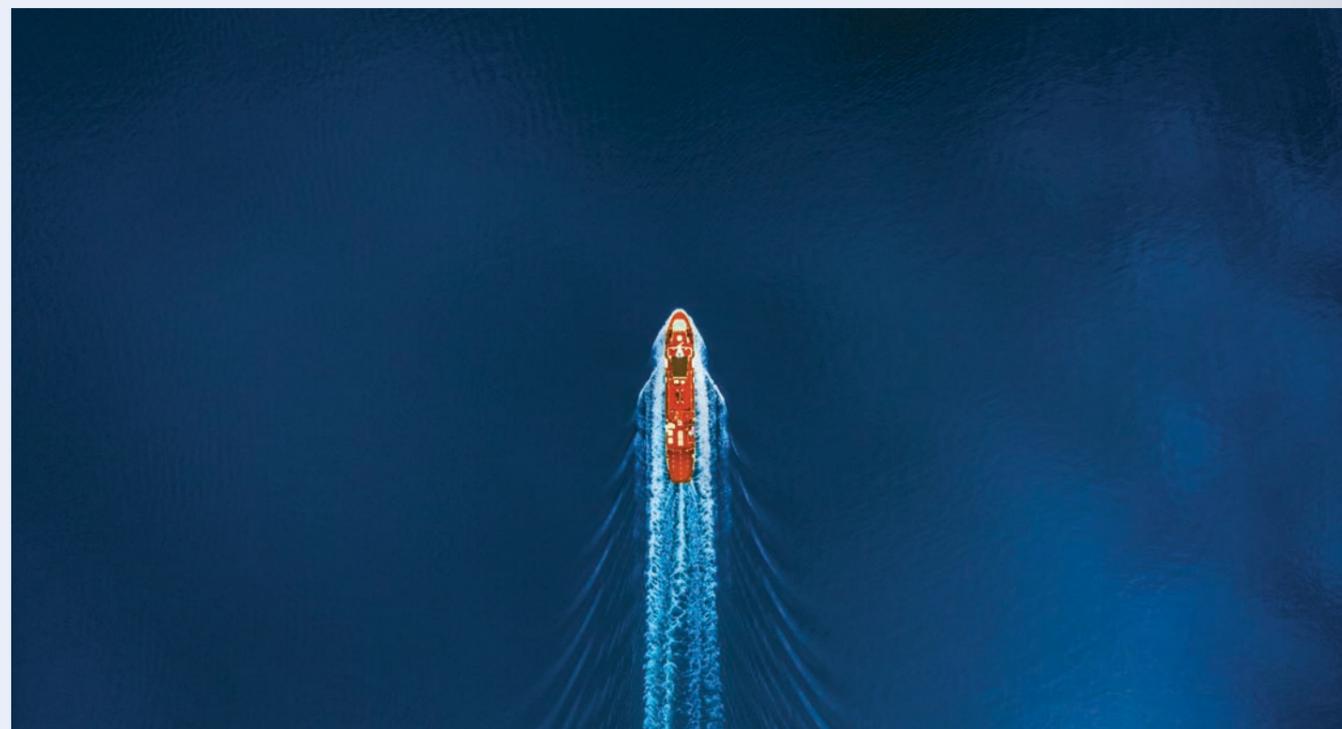
At Bryggebyen, we see an opportunity to reduce waste production and improve re-use of waste and building materials. We are also transforming remnants of an old industrial site into creative playground and exercise installations, instead of buying new ones. These are all steps towards a more circular economy.

For Gullknapp, a green opportunity is to become a European hub for electric aircrafts. To reduce the environmental footprint of Gullknapp, there is an opportunity to use planes fueled with zero emission electricity instead of fossil fuels.

Based on the supply of renewable energy to electric aircrafts, the future of Gullknapp is green. The vision is to develop Gullknapp into a future-oriented industrial technology park.

North Ammonia Part of Vergia

HEADQUARTER ARENDAL	CHAIRMAN MORTEN HENRIKSEN	CEO VIDAR LUNDBERG	OWNERSHIP AFK 50 %	EMPLOYEES 2	COUNTRIES 1
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**UN SUSTAINABLE
DEVELOPMENT GOALS**

“North Ammonia is built to develop environmentally friendly solutions replacing fossil-based energy with ESG as core business principles. North Ammonia will produce zero-emission fuels from Norwegian hydropower. Contributing positively to the energy transition is the backbone of North Ammonia.”

Morten Henriksen
Chairman

North Ammonia will develop, own and operate an ammonia production facility in Arendal, Norway. The strategy facilitates developing several locations in Norway and elsewhere. Additionally, the company has an integrated strategy of distributing green fuels to maritime fuel hubs to ensure security of supply for end-users. North Ammonia will contribute significantly to the energy transition from fossil fuels to zero-emission fuels in the maritime sector.

Focus areas

Ethical business conduct

Ethical business conduct is the basis of being a professional organisation. The values in North Ammonia reflect the owners - Arendals Fossekompagni and Grieg - and their ethical business conduct: Open and Collaborative, Dynamic, Solid and Responsible with a Long-Term value creation horizon.

A great place to work

The employees are essential in developing North Ammonia's projects and eventually own and operate the production facilities. Employees' health and well-being are the number one priority for North Ammonia.

PERFORMANCE AND KPIS

An "Objectives and Key Results" (OKR) scheme has been implemented for the employees to ensure structured performance and follow-up.

TARGETS AND AMBITIONS

Implement Code of Conduct, developed by North Ammonia, relevant to all cooperation partners.

Other

The company is in the early days of being an established organisation and is continuously learning, expanding and leveraging on the owners' experience to develop a leading framework for ESG reporting.

Seagust Part of Vergia

HEADQUARTER OSLO	CHAIRMAN MORTEN HENRIKSEN	CEO SIMEN ELVESTAD	OWNERSHIP AFK 47.5 %	EMPLOYEES 1	COUNTRIES 1
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**UN SUSTAINABLE
DEVELOPMENT GOALS**

“Renewable energy production from offshore wind is contributing to a sustainable society. However, we are obliged to taking into account all aspects of our business - from project activities and supply chain, to co-existence with nature and other users of the ocean space. A strong ESG focus will be our guide for making the right decisions.”

Simen Elvestad
CEO

Seagust will harness the offshore wind to further develop renewable energy and build a stronger Norwegian supplier industry.

Focus areas

Ethical business conduct

Ethical business shall be the license to operate. Seagust and employees shall be a responsible actor in society with concern for social values, local communities and transparency in operations. Seagust will build on the owners strong code of conduct to limit issues of corruption, human rights violations and inappropriate business behaviour. Seagust will focus on supply chain management with strong requirements on ethics and transparency supported by audits and risk management

A great place to work

Seagust believes that diverse teams perform better and are more profitable, outperforming individual decision-makers. Seagust shall attract the best talents by being an attractive employer with sustainability focus and favourable working conditions. High safety standards and quality of training and policies are important in order to avoid work-related incidents and injuries

Supporting the green transition

Around 5% of the Norwegian workforce is directly or indirectly employed by the oil and gas industry (2017), generating 14% of BNP (2019). With more and more parts of society moving to electricity, it is not only necessary to create more renewable energy, but also to create jobs utilizing the skilled workforce in the oil and gas industry. Seagust has the opportunity to positively contribute to the green transition, through partnerships with the supplier industry and production of renewable energy

Responsible supply chain

Materials and metals tend to have many adverse impacts depending on the origin and means of production. The mining industry is associated with air pollution, GHG emissions, nature impacts and local community impacts, as well as human rights issues. A responsible supply chain entails demands for procurement of materials and services with strict criteria, code of conduct and risk evaluations.

Co-existence

The sea, the seabed and the subsoil has many users with different interests. Seagust shall have an open dialogue and minimise interference with neighbours.

Part III

Activity & reporting obligation



AFKs Activity and reporting obligation report

Diversity and Equality in Arendals Fossekompani

“At Arendals Fossekompani we value our employees, and we strongly believe that diversity makes us better. Our goal is to be a preferred employer with a motivated workforce. We believe that being part of a bigger purpose, working for a more sustainable world, brings more value and motivation to our employees”

Ingunn Ettestøl
Chief Sustainability Officer (CSO)



ARP

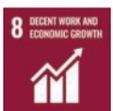
Arendals Fossekompani strives to be a great place to work. Our ambition is to preserve and continue to build an inclusive company culture with zero tolerance for discrimination. We believe that a workforce with a wide array of skills and backgrounds drive productivity and performance. Diversity brings new perspectives and helps us reach our long-term goals.

AFK is committed to contribute to the UN Sustainable Development Goals (SDG). In our work for diversity and equality we have chosen to focus on the following SDGs that are particularly relevant:



SDG 5
Gender Equality

AFK supports equal opportunities, equal rights and equal treatment for all employees regardless of gender.



SDG 8
Decent work and economic growth

AFK supports and contributes efforts to ensure that our employees and sub-contractors have decent work, equal opportunities, fair treatment and a safe work environment.

In our strategy we have set specific goals for gender equality. One of our KPIs is to measure the percentage of women in various parts of the organization. We currently have 30 % women on our Board of Directors and our ambition is to increase this number to 40% by 2023. The same targets apply to women in C-suite positions and in our total work force. In addition, we have KPIs for fundamental human and labour rights, health and safety and work-life balance. AFK participates in the She Index, with focus on diversity and inclusion in leadership and workforce, equal compensation and work life balance.



2021 has been another year where the pandemic has affected us, and it has been a priority to focus on the wellbeing of our employees. We have recruited great new colleagues and we are also happy to see a growth in the number of female employees. We have also hired an HR Manager who will support us in our work to professionalise the HR area. Last year we had to postpone the "Likestilt arbeidsliv" (Equal working life) certification, but we will continue this process in 2022. The work we have done with the activity and reporting obligations is a good start and we look forward to continuing our journey towards better inclusion and greater diversity.

The activity and reporting obligations in Arendals Fossekompani

According to The Equality and anti-discrimination Act § 26, all Norwegian employers are obliged to work actively, targeted and systematically to promote equality and prevent discrimination in the workplace. All public sector employers and private sector employers of a certain size (50+ employees) must comply with a four-step working method and must issue a statement on the company's status in two parts: The actual status of gender equality in the company and the work they have done on the activity duty in anti-discrimination.

In AFK parent company, we count 30 employees, but we have still decided to use the four-step working method in our work and we also choose to report according to The Equality and Anti-discrimination Act § 26. The report follows the structure provided by The Norwegian Directorate for Children, Youth and Family Affairs (Bufdir).

ARP

State of gender equality

The statement is limited to AFK parent company and applies to the 2021 financial year as of 31.12.21. According to The Equality and Anti-discrimination Act we have mapped the following elements: Gender balance, voluntary/involuntary part time, temporary workers, parental leave, and gender pay.

The general data protection regulation (GDPR) limits what organisations can do with personal data. Employers are required to provide a statistical mapping on gender equality, and Bufdir states that there must be at least five of each gender in a subgroup to publish the results regarding gender pay. The exception is that we, according to the Norwegian Public Limited Liability Companies Act section 16-6 b, have an obligation to publish a remuneration report for the Executive Management in AFK. This is published as a separate report.

TABLE 1: GENDER BALANCE

	Gender balance	Temporary Employees	(average number in weeks) Parental leave	Part time	Involuntary part time	Recruitment
Women	7	0	*	2	0	3
Men	23	0	*	0	0	1

* 2 employees (one of each gender) in 2021 (too few to provide a statistical average)

TABLE 2: GENDER PAY

	Women	Men	Comments
Total	7	23	<ul style="list-style-type: none"> We conducted a complete mapping of all employees in AFK. We compared the employees background, tasks, experience, tenure, and salary within each subcategory. We found no major systematic differences. The number in each subgroup is too small to publish the results and to provide a statistical average.
C-suite	1	4	The remuneration report for 2021 provides an overview of remuneration of the Executive Management of AFK in 2021. The remuneration report is in accordance with the Norwegian Public Limited Liability Companies Act section 16-6 b.
Production	1	12	Less than five of each gender in the subgroup.
Finance	2	3	Less than five of each gender in the subgroup.
Property		1	Less than five of each gender in the subgroup.
Business development	3	3	Less than five of each gender in the subgroup.

Our work for equality and against discrimination

AFK strives to be great place to work, and we have zero tolerance for discrimination on grounds of gender, age, disability, ethnicity, sexual orientation, or religious belief. We aim for a working environment without any form of bullying and harassment. This is a shared responsibility, and it is important that employees are aware and report undesirable behavior.

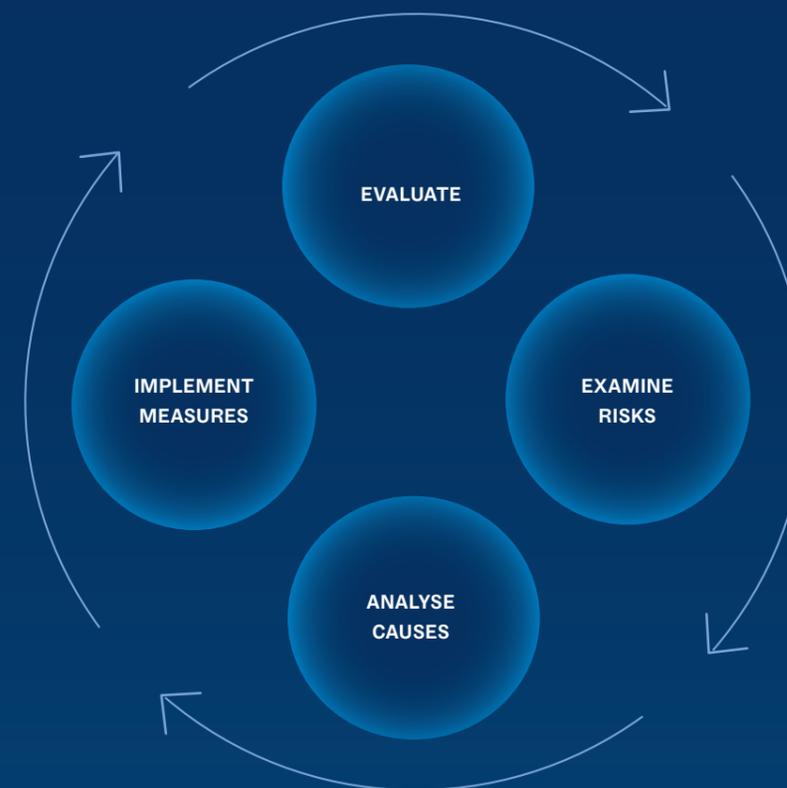
If employees are discriminated against, bullied, or harassed, AFK will take necessary and proportionate measures. The goals, obligations and follow up are rooted in our Code of Conduct that all employees must sign and comply with.

The activity and reporting obligations- roles, responsibilities, and organisation

To ensure different perspectives and broad participation we established a group consisting of employee representatives from both the production and the administration building, HR, The Chief Sustainability Officer, and a trainee who supported us in this process. We prepared by collecting relevant information and documentation. The Finance department supported us with the numbers and salary overview. We had two meetings in the group to examine the risks, analyse causes and discuss measures. We also involved the management in our examination of equal pay and to prioritise measures. Going forward, the Board of Directors will ensure that we work on our activity and reporting obligations, and they will consider this report once a year.

The four-step working method

In accordance with the method, we have investigated risks of discrimination and obstacles to equality. We have analysed the causes of identified risks and planned measures to prevent discrimination and increase equality. In time, we will evaluate the results and continue the process.



We examined the general risk of discrimination in Arendals Fossekompani in the areas of

- Recruitment
- Accommodation
- Salary and working conditions
- Promotions and development
- The opportunity to combine work with family life

Within each area we have considered these grounds of discrimination

- Gender
- Disability
- Sexual orientation
- Gender identity/ gender expression
- Religion/ belief
- Ethnicity
- Pregnancy and leave in connection with child-birth/ adoption/care responsibilities

ARP

Results

RECRUITMENT

As preparation we read some of the job descriptions for the recent vacant positions in AFK. We have experienced a growth in the number of women recruited in the administration and female applicants for these positions. In production, the challenge is that there are no female applicants for vacant positions. The reason could be that the recruitment base is quite small (education and experience). Trainees could be a great way to recruit, but we can't offer the necessary variations in tasks that are needed to fulfill the competence requirements. We will seek to identify other opportunities to recruit more women in production and will continue to professionalise the recruitment process to ensure the focus on diversity.

THE DUTY TO ACCOMMODATE

AFK strives to be a flexible employer, and we are able to adjust tasks, working hours etc. for a period of time for our employees when needed. In the physical environment we have some challenges in both locations. The administration is located in an old office building. Some areas are facilitated, but in other areas we would need to make adjustments. We are currently planning renovation of the entrance and we will also expand our office space. In this process we will plan for the best possible design in regards to accessibility. In the production site the office building is well accommodated, but most of the time the employees work outside the office. To be able to do most of the tasks on the hydropower plant there are requirements regarding physical abilities. In both locations we discuss topics like ergonomics and the work environment with the Occupational Health Service every two years. In addition, we have inspections with the Safety representatives every year.

SALARY AND WORKING CONDITIONS

For the activity and reporting obligations, HR mapped the salary of all employees and divided them into subgroups. In some cases, we interviewed the manager in questions regarding the employees' experience, salary level and salary development. We found no systematic differences, but we need to keep monitoring in order to prevent systematic gender differences in the future. In production they have a collective agreement. The bonus agreement is based on KPIs for the team and the employee.

Regarding working conditions, we have no involuntary part time in AFK, but we have two employees working part time by choice. In 2021 we only had two employees on parental leave and the number is too small to generate a statistical average.



PROMOTIONS AND DEVELOPMENT

All employees in AFK have the opportunity to, at least once a year, have an appraisal talk/ development discussion with their manager. We aim to improve on structure and career development. In production, the employees have job descriptions and regular training/ courses. In the administration, the employees are given the opportunity to attend courses and we also have internal training sessions for all employees. An example of internal training from 2021 is the nano learning on the Ethical framework of AFK. In 2021 we updated the internal whistle-blower routines. All employees got the updated version, but in 2022 we plan to offer employees even more training in different types of whistleblowing (internal, external etc).

THE OPPORTUNITY TO COMBINE WORK WITH FAMILY LIFE

In AFK, we have a high degree of flexibility, and the feedback we get is that this gives room to combine work and family. In the administration we can work from home when needed and we plan our own time, travels etc to a large extent. In production workers follow a work schedule. The workload varies and if something unexpected happens at work everyone needs to contribute. The overall feedback is that the work-life balance is satisfactory.

Topic	Measures	Responsible	Timeframe
Recruitment	Professionalise the recruitment process and create check lists to ensure equality and diversity: - Job descriptions and requirements. - Ads, text, and pictures. - Interviews. Create templates for pre-, on- and offboarding.	HR	Q2
Accommodation	Plan for inclusive design and accessibility in renovation projects.	Administration	Q2
Salary and working conditions	Ensure that we have good structures for deciding salary and salary reviews to prevent systematic differences.	Management group	Q3
Development	Update job description for all employees. Structured development discussions. Provide learning sessions and information on different kinds of whistleblowing.	Management group/ HR	Q3
Equality	Continue the process for the "Likestilt arbeidsliv" (Equal working life) certification.	ESG team	Q4

Appendix

GRI tables	122
List of abbreviations	148
Independent Auditor's statement	150

GRI tables

GRI 102 General Disclosures (2016)

GRI 102 - will be finalized when the report is finished to make sure the page number is correct		AFK Parent Company
Disclosure 102-1	Name of organisation	Arendals Fossekompani ASA
Disclosure 102-2	Activities, brands, products and services	
a.	A description of the organization's activities	Annual report, ch.1: About AFK, pages 12-24
b.	Primary brands, products and services, including an explanation of any products or services that are banned in certain markets.	Annual report, ch.1: About AFK, pages 12-24
Disclosure 102-3	Location of headquarters	Annual report, ch.1: About AFK, pages 8-9
Disclosure 102-4	Location of operations	Annual report, ch.1: About AFK, pages 8-9
Disclosure 102-5	Ownership and legal form	Annual report, ch.1: About, pages 20-23
Disclosure 102-6	Markets served	Annual report, ch.2 Portfolio, pages 34-64
i.	Geographic locations where products and services are offered.	Annual report, ch.2 Portfolio, pages 34-64
ii.	Sectors served	Annual report, ch.2 Portfolio, pages 34-64
iii.	Types of customers and beneficiaries	Annual report, ch.2 Portfolio, pages 34-64

GRI 102		AFK Parent Company
Disclosure 102-7	Scale of the organization	Annual report, ch.1: About AFK, pages 8-9, 21
i.	Total number of employees	Annual report, ch.1: About AFK, pages 8-9, 21
ii.	Total number of operations	Annual report, ch.1: About AFK, pages 8-9
iii.	Net sales	Annual report, ch.1: About AFK, pages 20-23
iv.	Total capitalization broken down in terms of debt and equity.	Annual report, ch.1: About AFK, page 21
v.	Quantity of products or services provided.	Annual report, ch.1: About AFK, pages 20-23
Disclosure 102-8	Information on employees and other workers.	Annual report, ch.5 Sustainability, ARP, ch. 6. Appendix, GRI 405-1
a.	Total number of employees by employment contract (permanent and temporary), by gender.	Annual report, ch.5 Sustainability, ARP, ch. 6. Appendix, GRI 405-1
b.	Total number of employees by employment contract (permanent and temporary), by region.	Annual report, ch.5 Sustainability, ARP, ch. 6. Appendix, GRI 405-1
c.	Total number of employees by employment type (full-time and part-time), by gender.	Annual report, ch.5 Sustainability, ARP, ch. 6. Appendix, GRI 405-1

GRI 102		AFK Parent Company
d.	Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.	n/a
e.	Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b and 102-8-c (such as seasonal variations in the tourism or agricultural industries).	n/a
f.	An explanation of how the data have been compiled, including any assumption made.	Annual report, ch.5 Sustainability, ARP
Disclosure 102-9	Supply chain	Annual report, ch. 5 Sustainability, page 240-296
Disclosure 102-10	Significant changes to the organization and its supply chain.	Annual report, ch. 5 Sustainability, page 240-296
i.	Changes in the location of, or changes in, operations, including facility openings, closings, and expansion.	Annual report, ch. 5 Sustainability, page 240-296
ii.	Changes in the share capital structure and other capital formation, maintenance and alteration operations.	Annual report, ch. 4 Financial Statements, Note 11
iii.	Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	Annual report, ch. 5 Sustainability, page 240-296
Disclosure 102-11	Precautionary Principle or approach	Annual report, ch. 5 Sustainability, pages 202-205
Disclosure 102-12	External initiatives	Annual report, ch. 5 Sustainability, page 203

GRI 102 - Continued
General Disclosures (2016)

GRI 102		AFK Parent Company
Disclosure 102-13	Membership of associations	Annual report, ch. 5 Sustainability, part 1, page 202-203
Disclosure 102-14	Statement from senior decision-maker	Annual report, ch. 1 About AFK, pages 16-17
Disclosure 102-16	Values, principles, standards, and norms of behaviour.	Annual report, About AFK, pages 24-25
Disclosure 102-18	Governance structure	Annual report, ch. 3 From the Boardroom, pages 70-76
a.	Governance structure of the organization, including committees of the highest governance body.	Annual report, ch. 3 From the Boardroom, pages 70-76
b.	Committees responsible for decision-making on economic, environmental, and social topics.	Annual report, ch. 1 About AFK, pages 18-19, 25,
Disclosure 102-40	List of stakeholder groups	Annual report, ch. 5 Sustainability, pages 206-209
Disclosure 102-41	Collective bargaining agreements	Annual report, ch. 5 Sustainability, pages 218
Disclosure 102-42	Identifying and selecting stakeholders	Annual report, ch. 5 Sustainability, pages 200-236
Disclosure 102-43	Approach to stakeholder engagement	Annual report, ch. 5 Sustainability, pages 206-207

GRI 102		AFK Parent Company
Disclosure 102-44	Key topics and concerns raised	Annual report, ch. 5 Sustainability, pages 200-236
a.	How the organization has responded to those key topics and concerns, including through its reporting.	Annual report, ch. 5 Sustainability, pages 200-236
b.	The stakeholder groups that raised each of the key topics and concerns.	Annual report, ch. 5 Sustainability, pages 206-207
Disclosure 102-45	Entities included in the consolidated financial statements.	Annual report, ch. 4 Financial Statements, pages 92-190
a.	A list of all entities included in the organization's consolidated financial statement or equivalent documents.	Annual report, ch. 4 Financial Statements, pages 92-190
b.	Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Annual report, ch. 4 Financial Statements, pages 92-190
Disclosure 102-46	Defining report content and topic Boundaries	Annual report, ch. 5 Sustainability, pages 200-236
a.	An explanation of the process for defining the report content and the topic Boundaries.	Annual report, ch. 5 Sustainability, pages 200-236
b.	An explanation of how the organization has implemented the Reporting Principles for defining report content.	Annual report, ch. 5 Sustainability, pages 200-236

GRI 102		AFK Parent Company
Disclosure 102-47	List of material topics	Annual report, ch. 5 Sustainability, pages 206-209
Disclosure 102-48	Restatements of information	Annual report, ch. 5 Sustainability, pages 200-236
Disclosure 102-49	Changes in reporting	Annual report, ch. 5 Sustainability, pages 200-236
Disclosure 102-50	Reporting period	FY 2021
Disclosure 102-51	Date of most recent report	FY 2020
Disclosure 102-52	Reporting cycle	Annual
Disclosure 102-53	Contact point for questions regarding the report	Annual report, ch. 5 Sustainability.
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards.	Annual report, ch. 5 Sustainability, reporting framework, page 204
Disclosure 102-55	GRI content index	Annual report, ch. 6, Appendix, GRI tables

GRI 102		AFK Parent Company
Disclosure 102-56	External assurance	PwC Annual report, page 202 and ch. 6, Appendix.
a.	A description of the organization's policy and current practice with regard to seeking external assurance for the report.	Annual report, ch. 6, Appendix.
b.	If the report has been externally assured:	
i.	A reference to the external assurance report, statement, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process.	Annual report, ch. 6, Appendix.
ii.	The relationship between the organization and the assurance provider.	Annual report, ch. 6, Appendix.
iii.	Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	Annual report, ch. 6, Appendix.

GRI 205-1
Operations assessed for risks related to corruption

GRI 205-1		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Total number of operations assessed for risks related to corruption.	0	0		Not gathered for 2021 report (Risk assessments related to corruption have previously been conducted prior to entering specific markets (based on the Transparency International Index) by the companies now part of the Volue Group.)	4	0	8	0
b.	Percentage of operations assessed for risks related to corruption, compared to total number of operations.	0 %	0 %			10 %	0	100 %	0 %
b. i)	Significant risks related to corruption identified through the risk assessment.	None	None			No		None - operating in low risk environments.	None

GRI 205-2
Communication and training in anti-corruption policies and procedures

GRI 205-2		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
AFK	Workforce that has signed the latest version of Code of Conduct.								
	Total number	17	14		633	992	53 (Comment: In 2021, with the new employee code of conduct under development only new hires (65) were asked to affirm the CSR policy (Canada 100%, France 0% of new hires).	216	0
	Percentage	100 %	100 %		89 %	100 %	81,54 %	100 %	0 %
a.	Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.							9: 100 %	
i)	Total number (by region):								
	Europe	17	14			12	0	9	
	America	0	0			2	0	0	
	Asia	0	0			4	0	0	
ii)	Percentage (by region):								
	Europe	100 %	100 %			100 %	0 %	100 %	
	America	0 %	0 %			100 %	0 %	0 %	
	Asia	0 %	0 %			100 %	0 %	0 %	
b.	Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by:								
b.i)	Employee category:								
	C-suite positions	100 %	100 %		100 %	7: 100 %	100 %		2: 5.8 %
	Others	100 %	100 %		100 %	985: 100 %	100 %		4 : 11.7 %
b.ii)	Region:								
	Europe					48 %	100 %		
	America					9 %	100 %		
	Asia					42 %	100 %		

GRI 205-2 - Continued

Communication and training in anti-corruption policies and procedures

GRI 205-2		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
c.	Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations:								
AFK	Workforce that has been trained in the Code of Conduct								
	Total number	13	14			168	0		6
	Percentage	76.5 %	100 %			17 %	0 %		17.50 %

GRI 302-1
Energy consumption within the organization

GRI 302-1		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.								
b.	Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.								
c.	In joules, watt-hours or multiples, the total:								
c.i)	Electricity consumption	33.7 MWh	276.5 MWh		2078.2 MWh	7040.6 MWh	7477.3 MWh	593.2 MWh	1 MWh
c.ii)	Heating consumption	included in electricity consumption.	included in electricity consumption.		included in electricity consumption.				
c.iii)	Cooling consumption	included in electricity consumption.	included in electricity consumption.		included in electricity consumption.				
c.iv)	Steam consumption								
d.	In joules, watt-hours or multiples, the total:								
d.i)	Electricity sold		517.3 GWh						
d.ii)	Heating sold								
d.iii)	Cooling sold								
d.iv)	Steam sold								
e.	Total energy consumption within the organization, in joules or multiples.								
f.	Standards, methodologies, assumptions, and/or calculation tools used.	CEMAsys	CEMAsys		CEMAsys	CEMAsys	CEMAsys	CEMAsys	CEMAsys
g.	Source of the conversion factors used.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.		DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.

GRI 305-1
Direct (Scope 1) GHG emissions

GRI 305-1		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Gross direct (Scope 1) GHG emissions in metric tonnes of CO2 equivalent. 1)	0	23.1 (Include the companys cars and construction machinery in operational work.)		0	897.8	576.7	82.8	0
b.	Gases included in the calculation; CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.		CO ₂ and SF ₆			CO ₂	CO ₂	CO ₂	
c.	Biogenic CO2 emissions in metric tons of CO2 equivalent.	0	0		0	0	0	0	0
d.	Base year for calculation, if applicable.	2019	2019			2021	2020	2020	
d. i)	Rationale for choosing base year	2020 are the first year of reporting, but numbers are available for 2019.	2020 are the first year of reporting, but numbers are available for 2019.			First year of reporting on GHG emission.	first year of reporting.	First year of reporting.	
d. ii)	Emissions in base year	0	19.501			897.8	474	167,4	
d. iii)	The context for any significant changes in emissions that triggered recalculations of base year emissions.					n/a			
e.	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.		DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.
f.	Consolidation approach for emissions; Equity share, financial control, or operational control.	Financial control	Financial control		Financial control				
g.	Standards, methodologies, assumptions, and/or calculation tools used.	CEMASys	CEMASys		CEMASys	CEMASys	CEMASys	CEMASys	CEMASys

GRI 305-2
Energy indirect (Scope 2) GHG emissions

GRI 305-2		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.	0.3	2.6		96.2	2557.3	37.6	124.6	Included in AFK Parent Company's calculation.
b.	If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.	0	0		629.6	3531.5	40.6	187.4	0.40
c.	If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	CO ₂	CO ₂		CO ₂	CO ₂	CO ₂	CO ₂	
d.	Base year for calculation, if applicable.	2019	2019		2020	2021	2020	2020	
d. i)	Rationale for choosing base year	2020 is the first year of reporting, but numbers are available for 2019.	2020 is the first year of reporting, but numbers are available for 2019.		First year of reporting.	First year of reporting on GHG emission.	First year of reporting.	First year of reporting.	
d. ii)	Emissions in base year		3.43		641	2557.3	2.9	134	
d. iii)	The context for any significant changes in emissions that triggered recalculations of base year emissions.				n/a				
e.	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.		DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.
f.	Consolidation approach for emissions; whether equity share, financial control, or operational control.	Financial control	Financial control		Financial control				
g.	Standards, methodologies, assumptions, and/or calculation tools used.	CEMAsys	CEMAsys		CEMAsys	CEMAsys	CEMAsys	CEMAsys	CEMAsys

GRI 305-3
Other indirect (Scope 3) GHG emissions

GRI 305-3		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent.	45.8	17.8		88.9	557.3	43	100.3	n/a
b.	If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	CO ₂	CO ₂		CO ₂	CO ₂	CO2	CO2	
c.	Biogenic CO2 emissions in metric tons of CO2 equivalent.	0	0		0	0	0	0	
d.	Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.	Only business travels by airplane and waste consumption are included. The waste consumption for AFK Parent Company location is included in AFK Hydropower.	Waste consumption is calculated for AFK Hydropower and AFK Parent Company.		Only business travel is included.	Business travels by airplane and waste consumption are included.	Hazardous waste and business travels are included.	Waste and transport using personal vehicles or rental cars are included.	
e.	Base year for calculation, if applicable.	2019	2020		2020	2021	2021	2020	
e. i)	Rationale for choosing base year	2020 are the first year of reporting, but numbers are available for 2019.	First year with available numbers.		First year of reporting.	First year of reporting on GHG emission.	First year of reporting.	First year of reporting.	
e. ii)	Emissions in base year	51.58	0.16		112	557.3			
e. iii)	The context for any significant changes in emissions that triggered recalculations of base year emissions.	Less traveling due to Covid-19.	Emissions from waste is included. due to Covid-19 there is no travelling.		n/a				
f.	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.		DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.	DEFRA. (2021). UK Government GHG Conversion Factors for Company Reporting. Department of Environment, Food and Rural Affairs. IEA. (2021). IEA (2021) Emission Factors. International Energy Agency.
g.	Standards, methodologies, assumptions, and/or calculation tools used.	CEMAsys	CEMAsys		CEMAsys	CEMAsys	CEMAsys	CEMAsys	CEMAsys

GRI 401-1**New employee hires and employee turnover**

GRI 401-1		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Total number and rate of new employee hires during the reporting period, by age group, gender and region.								
AFK	Total number of new hires	3	1		123	181	65	27	17
a.i)	Percentage of female new hires	67 %	100 %		30 %	14 %	34 %	22 %	35 %
a.ii)	Number of female new hires	1	1		37	26	22	6	6
a.vii	Average age of new hires				35.3	35			39.6
b.	Total number and rate of employee turnover during the reporting period, by age group, gender and region.								
AFK	Total turnover	0	0		99	22	28	4	0
AFK	Turnover rate	0 %	0 %		11.3 %	2.20 %	15 %	1.8 %	17 %
a.i)	Total turnover women	0	0		25	-3	13		6 %
a.ii)	Turnover rate by gender								
	Male	0 %	0 %		75 %	-14 %	8 %		17 %
	Female	0 %	0 %		25 %	114 %	7 %		6 %

GRI 403-2
Occupational health and safety

GRI 403-2		AFK Parent Company	AFK Hydropower	Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by:							
AFK	Types of injury			n/a	Cut injuries		There have been no accidents for 2021	
AFK	Injury rate (IR)	0 %	0 %	0	2.30 %	3,40 %	0	0
AFK	Occupational disease rate (ODR)			0	2.30 %	0 %	0	0
AFK	Lost day rate (LDR)			0	1.50 %	2 %	0	0.70 %
AFK	Absentee rate (AR)	0.77 %	1.28 %	2.23 %	2.80 %	2 %	1 %	0
AFK	Work-related fatalities	0	0	0	0 %	0	0	0
c.	The system of rules applied in recording and reporting accident statistics	AFK uses RUH schemes to report all accidents.	AFK uses RUH schemes to report all accidents.	Notification procedure will depend on the different incidents / injuries and severity. The notification procedure includes a plan of how, when and who to alert.	Monthly reporting		NSSLGlobal is ISO 45001 certified and follows the procedure laid down in the OH&SMS. All accidents/incidents are documented on the Accident Report Form and recorded in the accident/incident register which is maintained by the OH&S Manager. A Corrective Action Plan is completed for all reported accidents, incidents and dangerous occurrences (near misses), these are investigated to determine the root cause and all recommendations and corrective actions resulting from incident investigations are identified and implemented within the specified timeframes (SMART objectives are used), these are recorded on INSIGHT. RIDDOR 2013 Regulations for reportable accidents are followed in the UK. Records are kept for a minimum of 7 years and held by HR. GDPR is complied with.	Kontali uses Sticos HR system to report Incidents/deviations. There are very few accidents and for the smaller companies direct reporting to CEO is most common in case of accidents.

GRI 405-1
Diversity of governance bodies and employees

GRI 405-1		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Percentage of individuals within the organization's governance bodies in each of the following diversity categories:								
a. i)	Gender:								
	Male (Board of directors)	57.10 %	*See AFK Parent Company		50 %	100 %	100 %	50 %	87,50 %
	Female (Board of directors)	42.90 %	*See AFK Parent Company		50 %	0 %	0 %	50 %	12,50 %
	Male (C-suite positions)	80 %	100 %		78 %	100 %	83 %	60 %	90 %
	Female (C-suite positions)	20 %	0 %		22 %	0 %	17 %	40 %	10 %
a. ii)	Age group (Board of directors):								
	Under 30 years old				0 %	0 %	0 %		0 %
	30-50 years old				60 %	40 %	25 %		57,50 %
	Over 50 years old				40 %	60 %	75 %		42,50 %
	Age group (C-suite positions):								
	Under 30 years old	0 %			0 %	14.20 %	0 %		0 %
	30-50 years old	40 %			66 %	0 %	67 %		77,78 %
	Over 50 years old	60 %			33 %	85.8 %	33 %		22,22 %
a. iii)	Other indicators of diversity where relevant (such as minority or vulnerable groups).								
b.	Percentage of employees per employee category in each of the following diversity categories:								
b. i)	Gender:								
	Male employees	73 %	87 %		77 %	84.90 %	77 %	78 %	64,43 %
	Female employees	27 %	13 %		23 %	15.10 %	23 %	22 %	35,57 %
b. ii)	Age group:								
	Under 30 years old	11.2 %	7.2 %		16 %	15.70 %	15 %	11 %	6,75 %
	30-50 years old	50.6 %	34.8 %		55 %	55.50 %	63 %	52 %	86,68 %
	Over 50 years old	38.2 %	58 %		29 %	28.70 %	22 %	37 %	6,57 %
b. iii)	Other indicators of diversity where relevant (such as minority or vulnerable groups).				n/a				

GRI 406-1

Incidents of discrimination and corrective actions taken

GRI 406-1		AFK Parent Company	AFK Hydropower		Value	EFD Induction	Tekna	NSSLGlobal	Alytic
a.	Total number of incidents of discrimination during the reporting period	0	0		0	0	0	0	0
b.	Status of the incidents and actions taken with reference to the following:								
b. i)	Incident reviewed by the organization	0	0		0	0	n/a	0	0
b. ii)	Remediation plans being implemented	0	0		0	0	n/a	0	0
b. iii)	Remediation plans that have been implemented, with results reviewed through routine internal management review processes.	0	0		0	0	n/a	0	0
b. iv)	Incident no longer subject to action	0	0		0	0	0	0	0

List of abbreviations

AC	Audit Committee	EPD	Environmental Product Declaration	ISO	International Organisation for Standardisation	SaaS	Software-as-a-Service
AFK	Arendals Fossekompni	EU	European Union	IT	Information Technology	SASB	Sustainability Accounting Standards Board
AM	Additive Manufacturing	FSE	Safety regulations when working in and operating electrical installations	KPI	Key Performance Indicator	SBTi	Science Based Target initiative
AMGTA	Additive Manufacturer Green Trade Association	GDPR	EU's General Data Protection Regulation	kWh	Kilowatt hour	SCoC	Supplier Code of Conduct
AR	Absentee Rate	GHG	Greenhouse Gas	LCA	Life Cycle Assessment	SDG	Sustainable Development Goal
ARP	Activity and Reporting Obligations	GRI	Global Reporting Initiative	LDR	Lost Day Rate	SINTEF	Norwegian: Stiftelsen for industriell og teknisk forskning
BOD	Board of Directors	GWh	Gigawatt-hours	LEO	Low Earth Orbit	SQM	Square meter
CDP	Climate Disclosure Project	HR	Human Resources	MAR	Market Abuse Regulation	TCFD	Task Force on Climate-related Financial Disclosures
CEO	Chief Executive Officer	HSE	Health, Safety, and Environment	M&A	Mergers and Acquisitions	TSC	Technical Screening Criteria
CFO	Chief Financial Officer	HSSE	Health, Safety, Security and Environment	MoU	Memorandum of Understanding	TWh	Terawatt-hours
CHP	Combined Heat and Power	HVAC	Heating, Ventilation and Air Conditioning	NCGB	The Norwegian Corporate Governance Board	UN	United Nations
CoP	Communication on Progress	ICMA	International Capital Market Association	NGO	Non Governmental Organisation		
CoC	Code of conduct	IFRS	International Financial Reporting Standards	NPS	Net Promoter Score		
CPI	Corruption Perceptions Index	ICT	Information and Communication Technologies	NVE	The Norwegian Water Resources and Energy Directorate		
CSO	Chief Sustainability Officer	ILO	Declaration of the International Labour Organisation	ODR	Occupational Disease Rate		
CSR	Corporate Social Responsibility	IoT	Internet of Things	OECD	The Organisation for Co-operation and Development		
DNSH	Do No Significant Harm	PCC	Panel on Climate Change	OEM	Original Equipment Manufacturer		
DSO	Distributed Energy resources	IPCC	Intergovernmental Panel on Climate Change	OHS	Occupational Health and Safety		
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization	IR	Injury Rate	PES	Primary Energy Savings		
EGD	European Green Deal			RCP	Representative Concentration Pathways		
ELT	Executive Leadership Team			R&D	Research and Development		
ERP	Enterprise Resource Planning			RUH	Workplace Incident Report		
ESG	Environmental, Social and Governance						



To the Board of Directors in Arendals Fossekompani ASA

Independent auditor's statement

We have undertaken a limited assurance engagement on Arendals Fossekompani ASA's GRI Index for 2021 and key performance indicators for the material topics presented in the GRI index.

- Arendals Fossekompani's GRI Index for 2021 is an overview of which sustainability topics Arendals Fossekompani considers material to its business and which key performance indicators Arendals Fossekompani uses to measure and report its sustainability performance, together with a reference to where material sustainability information is reported. Arendals Fossekompani's GRI Index for 2021 is available and included in the enclosed annual report. We have examined whether Arendals Fossekompani has developed a GRI Index for 2021 and whether mandatory disclosures are presented according to the Standards published by the Global Reporting Initiative (www.globalreporting.org/standards) (criteria).
- Key performance indicators for sustainability are available and included in Arendals Fossekompani's enclosed annual report for the period ending 31 December 2021, specifically in the KPI tables in the section titled "Part II" of the chapter "05 Sustainability". Arendals Fossekompani has defined the key performance indicators and explained how they are measured in the footnotes and qualitative disclosures presented alongside the indicators in the annual report (criteria). We have examined the basis for the measurements and checked the calculations of the measurements reported in the ESG report.

Tasks and responsibilities of management

Management is responsible for Arendals Fossekompani's sustainability reporting and for ensuring that it is prepared in accordance with the criteria described above. Their responsibility includes designing, implementing and maintaining internal controls that ensure the development and reporting of the GRI Index and key performance indicators for sustainability.

Our independence and quality control

We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and maintains a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory claim.

The Auditor's responsibilities

Our task is to express a limited assurance conclusion on Arendals Fossekompani's sustainability reporting based on the procedures we have performed and the evidence we have obtained. We have performed our work and will issue our statement in accordance with the Standard on Assurance Engagements ISAE 3000: "Assurance engagements other than audits or review of historical financial information". A limited assurance engagement is substantially less in scope than a reasonable

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our work involves performing actions to obtain evidence that Arendals Fossekompani's GRI Index for 2021 and key performance indicators for sustainability are developed in accordance with the Standards published by the Global Reporting Initiative and the criteria for reporting and measurement that are explained in relation to the key performance indicators for sustainability. The procedures selected depend on our judgment, including assessments of the risks that the sustainability reporting contains material misstatement, whether due to fraud or error. In making those risk assessments, we take into account the internal control that is relevant for the preparation of the sustainability reporting. The purpose is to design control procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control.

Our procedures include an assessment of whether the criteria used are appropriate, as well as an assessment of the overall presentation of the sustainability reporting. Our procedures include meetings with representatives from Arendals Fossekompani who are responsible for the material sustainability topics covered by the sustainability reporting; review of internal control and routines for reporting key performance indicators for sustainability; obtaining and reviewing relevant information that supports the preparation of key performance indicators for sustainability; assessment of completeness and accuracy of the sustainability reporting; and controlling the calculations of key performance indicators for sustainability based on an assessment of the risk of error.

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

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that

- Arendals Fossekompani's GRI Index for 2021 is not, in all material respects, developed and presented in accordance with the requirements of the Standards published by The Global Reporting Initiative;
- Arendals Fossekompani's key performance indicators are not, in all material aspects, developed, measured and reported in accordance with the definitions and explanations provided in relation to the key performance indicators.

Arendal, 30 March 2022

PricewaterhouseCoopers AS

Lars Ole Lindal
State authorized public accountant (Norway)

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