



# Arendals Fossekompani ASA Code of Conduct

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## 1 Introduction

Arendals Fossekompagni ASA's («AFK») vision is to create sustainable values and robust growth. This shall be accomplished by combining robust and innovative business operations with a strong focus on sustainability. A good business culture is the fundament for AFK's business.

This Code of Conduct has been developed and adopted to secure that the company's vision and high ethical standards are complied with by everyone associated with the company. The Code of Conduct shall be a tool to live up to the company's ethical standards, self-evaluation, as well as a basis for the company's identity. It is each employee's own responsibility to respect and act in compliance with the Code of Conduct. Each employee shall receive training in the Code of Conduct and associated policies and procedures.

## 2 Scope of the Code of Conduct

The Code of Conduct applies to all employees, including hired-in personnel, consultants, agents, elected representatives, board members and any other person acting on behalf of or representing AFK (hereinafter referred to as "employees").

We also expect our customers, suppliers, and other business partners to adhere to ethical guidelines of standards consistent with this Code of Conduct. When entering into agreements with third parties, AFK can require that such framework is included in the agreement by either the third party adhering to the AFK Code of Conduct / Business Partner Code of Conduct, or by providing the third party's adopted code of conduct for assessment and approval by AFK.

Corresponding ethical guidelines shall be sought to be implemented, with any company specific additions, in subsidiaries where AFK holds an ownership interest of more than 33%, and shall be implemented where AFK holds an ownership interest of more than 50%. Board members appointed by AFK in other companies shall actively work for the implementation of corresponding ethical guidelines.

### 2.1 Employees' responsibility:

Our employees are expected to familiarise themselves with this Code of Conduct and to conduct their duties in compliance with the principles set out herein. In doing so, our employees shall use good judgement and seek guidance from their manager or others as set out herein when necessary.

### 2.2 Responsibility of Board of Directors and Executive Management:

The Code of Conduct has been adopted by the Board of Directors of AFK. The Board of Directors of AFK shall periodically receive reports on compliance within the group.

The Chief Sustainability Officer of AFK is responsible for the implementation of the Code of Conduct and monitoring its operational effectiveness, including ensuring appropriate and ongoing communication and training in the CoC and associated policies and procedures. The Executive Management shall regularly consider whether the Code of Conduct is sufficiently implemented and complied with within the company.

The Chief Sustainability Officer shall ensure that the Code of Conduct is updated to reflect amendments of applicable laws, regulations and procedures.

### 3 Consequences in case of violations of the code of conduct

Violations of this Code of Conduct and other applicable laws and regulations may expose both the company and individuals to civil and/or criminal liability.

Violations will not be accepted and appropriate actions will be taken. Founded allegations or any evidence of violations will be investigated and will result in disciplinary actions if allegations are shown to be correct. Disciplinary actions may range from written warning to dismissal.

Violations may also be reported to the authorities, and AFK may support official investigations where relevant.

### 4 Compliance with laws and regulations

Our employees shall comply with the at all times applicable laws and regulations, and other relevant ethical guidelines as applicable in the countries the company operates in. In the event that there are differences between laws and regulations and the standards set out in this Code of Conduct, the strictest rules shall be applied to the extent this does not violate applicable laws and regulations.

A central part of our policy is also to comply with internationally accepted guidelines and conventions adopted by the United Nations and the OECD. The implementation of the obligations shall be reported in accordance with applicable legislation.

### 5 Guidance and reporting

This Code of Conduct provides guidance and principles for ethical behaviour. The Code of Conduct does however not answer all questions our employees may have. Hence, it is important that our employees use good judgment, and in the case of uncertainty, seek guidance from their manager. If considered necessary, the employees may also reach out to AFK's Chief Sustainability Officer.

Employees and business partners are encouraged to immediately report their concern if they suspect or witness any unethical conduct, breach of this Code of Conduct or other policies and applicable law. Employees should also be aware that they may have a duty to report concerns under their employment contract or applicable law.

As a main rule, concerns should be reported to the line manager, through our third party provider or AFK's Chief Sustainability Officer. Concerns may also be reported to the public authorities. AFK expects all employees to be familiar with AFK's Whistleblowing Policy which provides detailed

guidance on what to report, who to report to, and what to expect in the whistleblowing process at AFK. AFK's Chief Sustainability Officer is responsible for ensuring that all employees receive adequate and regular training in the Whistleblowing Policy. Further, AFK has in place a procedure for the handling of concerns which shall be followed in a whistleblowing process.

Portfolio companies, suppliers and business partners shall be able to report to AFK about relevant issues of concern. AFK expects that people are encouraged to report issues of concern and that they are trained in the whistleblowing policy.

When possible and appropriate, portfolio companies, suppliers and business partners may use the AFK third party provider for whistleblowing by their employees. Anyone who reports such matters will be protected from retaliation. Every report will be taken seriously and will be followed up in an appropriate manner. Whistleblowers are entitled to confidentiality in accordance with applicable law and also reports made anonymously will – to the extent possible – be followed up by AFK.

## 6 Sustainability, our people and the workplace

### 6.1 Human rights and decent working conditions

AFK is committed to respect human rights in all part of our operations. This includes inter alia the principles set out in the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

AFK does not accept any form of forced labour, or that children below the lawful minimum age for admission to employment are engaged in on our business. If persons below the age of 18 are involved, we demand special precautions to safeguard their health, security and rights. Persons below the age of 18 shall not perform dangerous or night time labour, and their work shall not inflict damage on their education or development.

Employment shall be voluntary and without any form of threat. AFK does not accept any limitations to the right of employees to organise themselves. Such rights shall be exercised without any retaliation or threats of retaliation.

The zero-tolerance policy also applies for AFK's suppliers, business partners and subsidiaries.

### 6.2 AFK's work with respecting human rights and decent working conditions

In accordance with the Norwegian Transparency Act, AFK shall anchor responsibility for respecting fundamental human rights and decent working conditions in the policies of the company. The CEO is responsible for ensuring compliance with the Transparency Act in AFK.

AFK shall at all times map and assess the actual or potential impact on human or working rights that AFK has contributed to or caused. AFK shall also implement measures to cease, prevent or limit negative impact. AFK shall have policies and procedures for the implementation and control of measures. The process, results and plans for the work with respecting human and working rights shall be communicated to stakeholders to build trust in AFK's responsibility and to demonstrate the company's values. AFK shall also ensure remediation and compensation where this is required.

The due diligence shall be conducted regularly and at least once a year and shall correspond to AFK's size and character including the severity and probability of negative impact. AFK shall also aim at making positive influence. Appropriate internal and external communication, and the possibility to report concerns anonymously, shall contribute to ensure trust between AFK and its business partners. Information requests shall be handled in compliance with the Transparency Act.

All employees shall receive training to make them able to exercise their roles and responsibilities according to the Transparency Act. This may include training in due diligence assessments, particular areas of concern, and work with reducing and managing negative impact.

### 6.3 Environment

AFK's business is conducted in compliance with applicable environmental legislation, and we aspire to conduct our business in a sustainable manner. This involves that we will always seek to find solutions that will minimize our environmental impact. AFK supports the precautionary principle with regard to environmental issues and will be a driving force for new and more environmentally friendly technology.

### 6.4 Transparency and trust

AFK and its employees shall strive for a workplace characterised by transparency, honesty and trust, which is important for motivation and well-being. This will contribute to both attracting and keeping valuable employees while also facilitating an inclusive and productive working environment. It is a clear objective that all employees should be able to discuss anything with their line manager without feeling insecure. The same objective applies in the relationship between AFK and its existing and potential business partners. It is a priority for AFK to ensure dialogue and trust in AFK's handling of concerns and issues so that AFK can obtain increased insight in its business operations and have the opportunity to exercise positive influence.

It is expected that our employees act respectfully towards each other, customers and business partners. Unreasonable intervention in an individual's performance of their duties and responsibilities shall be avoided.

Employees must not violate any laws, regulations or the Code of Conduct in aspiration of appraisal or in loyalty to AFK.

### 6.5 Health, safety and environment (HSE)

Working in AFK shall be safe and secure. AFK complies with relevant laws and regulations and has established a system for HSE and internal control. The system shall be evaluated periodically and developed to minimize specific risks and accidents related to the workplace. AFK strives for an injury-free and health-promoting environment. Employees shall always wear protective equipment appropriate to the specific work tasks. AFK is obliged to provide adequate training to secure that all employees are familiar with the relevant health and safety standards for their work.

### 6.6 Diversity and inclusion

AFK has a zero-tolerance policy for discrimination, bullying and harassment at the workplace and in recruitment processes.

Discrimination on the basis of age, gender expression, sexual orientation, disability, ethnicity, nationality, political opinions, religion or on any other basis is prohibited by law, and must not occur. This applies to employees, shareholders, board members, customers, suppliers and other business partners. Respect for the individual is fundamental in AFK. All individuals shall be treated with respect and dignity.

AFK strives for a working environment without any form of bullying or harassment. This is a shared responsibility, and it's important that each and everyone is observant of and reports unwanted behaviour.

In case of discrimination, bullying or harassment of any employee, AFK will take the situation seriously and implement appropriate measures.

A particular objective for AFK is to aim for diversity when it comes to gender expression, age, background and expertise. This shall be a focus area in recruitment generally, and in designation of members of management and other bodies. AFK's opinion is that diversity provides new perspectives and is important to obtain long term goals. We therefore involve employee representatives from different departments and from the management in the work against discrimination. The Board of Directors shall oversee and assess this work in relation to the annual reporting. In order to work towards this objective AFK has focus on specific measures to ensure diversity and inclusion, and works continuously with improvements under the reporting requirements.

## 7 Integrity and anti-corruption

### 7.1 Loyalty and integrity

Employees shall act with loyalty with regard to AFK's ethical values and guidelines, towards colleagues and managers and shall avoid conflicts of interest that might harm AFK as a company.

Employees in AFK must maintain a high ethical standard, both in business and personal contexts, when performing their tasks and responsibility in the company's interest. Board members and employees shall act fairly and with honesty and integrity towards other employees, the public, business partners, shareholders, customers, competitors, and public authorities.

When representing AFK, board members and employees must not seek to achieve unjustified benefits by manipulation, cover-ups, misuse of confidential information, wrongful presentation of facts, or by any other means.

Employees must not use the company's name, business contacts, or in any other way take improper advantage of their position in AFK by making personal investments or any other personal activities.

### 7.2 Conflicts of interest

It is important to ensure that all business-related decisions made by our employees are made in the interest of the company, and that our employees are not put in a position where their integrity is subsequently questioned. Our employees and representatives shall always act impartially in all business matters, and shall avoid all conflicts of interest.

It is therefore important that no one participates in business decisions regarding matters that have substantial personal or economic significance for the individual or persons closely associated to him/her.

A conflict of interest is considered present if a business decision involves an individual that is in the employee's immediate family (spouse, siblings, children, grandchildren, parents and grandparents) or the immediate family of such persons, or a company in which they are holding an ownership interest which is not considered insignificant.

Transparency is key in handling situations that potentially include conflicts of interest. An otherwise unproblematic situation if having being dealt with openly, may if being handled in a non-transparent manner, raise serious questions about the employee's integrity. Hence, where an employee suspects that a situation could create a conflict of interest, or even the appearance of a conflict, the employee should disclose this to his/her manager in writing. If it is considered to be a conflict of interest, the employee is obliged to immediately withdraw from further involvement with the case.

### 7.3 Anti-corruption

AFK has zero tolerance for any form of corruption or bribery, and is committed to the fight against corruption through raising awareness and preventative activities. Each and every one of us must comply with applicable anti-corruption and anti-bribery laws and regulations in Norway and other countries in which we operate in with no exceptions.

Corruption is generally understood as either directly, or indirectly through a third party, to offer, give, accept, receive, request or agree to receive an improper advantage of any kind. An improper advantage is an advantage which may be considered to influence the proper performance of a position/function or which has no legitimate business purpose. Monetary gifts, travels, access to assets, discounts or favourable terms, loans, work-offers for a family member etc. can be examples of improper advantages. Please note that there are particularly large risks associated with providing any form of advantage or benefit to a public official. Some specific topics in this regard are described in sections 7.4, 7.5 and 7.6.

Some specific areas of risk are described in more detail below (gifts, hospitality and discounts, and facilitation payments).

Any suspicion of corruption, bribery, facilitation payments or similar actions must immediately be reported in accordance with AFK's Whistleblowing Policy. Violations of corruption laws, regulations and guidelines may lead to immediate dismissals and reporting of the matter to the police.

### 7.4 Gifts, hospitality and discounts

The offering, giving, acceptance or receipt of gifts, hospitality and discounts may be regarded as corruption in certain situations. It may be difficult to draw the line between what is a reasonable and bona fide expenditure, and what is an unreasonable and consequently improper expenditure made to influence another person. Hence, gifts, hospitality, and discounts present significant risks related to bribery.

**Gift:** A gift can be anything of value and the value does not need to be high. Irrespective of the value, gifts may have the appearance of an advantage. Without the prior written approval from the line manager, gifts shall never be offered, given, accepted or received. An exception is promotional items of minimal value, or other minor gifts with a value below NOK 500 (not cash, gift cards or similar) if the gift is given as thanks for contribution to events, meetings, courses or such, or if it would be disrespectful not to accept the gift. Gifts should always have a reasonable and proportionate value even after written approval from the line manager.

**Discounts:** Employees shall not accept discounts for personal purchases of goods or services from business relations unless the discount scheme applies to all employees and the scheme is known to the CEO/Chairman of the Board.

**Hospitality:** Acceptance of hospitality and entertainment, such as lunches, dinners and tickets to certain events, must be done with precaution. Accepting hospitality may only be acceptable if there is a clear business rationale behind it, the host is present (otherwise it will be regarded as a gift and the guidelines above will apply), and the cost of such hospitality is reasonable. Food, beverages, travels, entertainment and accommodation expenses for our employee's participation at third party events shall as a main rule be paid for by AFK.

Our employees must exercise caution and good judgment when offering or accepting hospitality which shall always be moderate and reasonable in light of the country AFK is operating in. The cumulative effect of multiple events of hospitality shall be taken into account. The line manager shall be consulted in advance in case of uncertainty on whether hospitality may be accepted or offered.

Gifts, hospitality, entertainment, discounts etc. shall not place the recipient under any obligation, and it should be ensured that no expectations are created. No gift shall be received or offered if this may raise concerns in relation to the employee's integrity and independence. Given that the nature of the gift or hospitality must be appropriate with view to the relationship between the giver and receiver, our employees may never request or solicit gifts or hospitality from business relations or third parties seeking to do business with AFK. No gifts or hospitality shall be given or received whatsoever if the gift or hospitality could influence or be perceived to be capable of influencing a procurement and sales process, contract negotiation or transaction. Exceptions can be made for simple meals, shared transporting costs etc., provided that there are practical reasons, the value is moderate and not suited to influence the employee's integrity or independence.

All gifts, hospitality and entertainment must be registered in AFK's Gifts and Hospitality Register. This includes gifts and hospitality that have been offered, but were declined or returned.

## 7.5 Facilitation payments

A 'facilitation payment' is generally understood as a small unofficial payment made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement. The payment is usually a cash payment, but could also involve other benefits or favours.

Facilitation payments are considered to constitute bribes as they provide an advantage to induce or reward the person (usually a public official) to give preferential treatment or to refrain from or



perform a task improperly. Consequently, we do not allow for facilitation payments to be paid no matter how small these may be.

However, if an employee genuinely feels that his, hers or another person's life, health or safety is at risk, and has no other alternative but to make the facilitation payment, the employee may pay the minimum amount possible to remove the risk. Any such situations must be reported to the line manager as soon as possible.

## 7.6 Donations and sponsorships

A particularly large risk may be associated with donations and sponsorships as this entails giving potentially large gifts without any clear business purpose, and that the degree of transparency of such organisations may vary.

AFK may not sponsor or donate to any religious or political groups, organisations or candidates. Sponsorships and charitable donations may be given in accordance with clear, legitimate and publicly available criteria only. Charitable donations and sponsorships shall not be made where they could influence the decision-making process of public authorities. Internal guidelines shall be followed in any case, including established routines for AFK's sponsoring and relevant authorisation instructions.

## 7.7 Loans and guarantees

Employees and persons closely associated to them shall not without prior written consent from the Chairman of the Board accept loans or guarantees from any of the company's business partners, except loans and guarantees on market terms from partners who issue such loans and guarantees as a regular part of their business activity. Excepted are also loans and guarantees on employee terms which a person closely associated to an employee has received in light of the employment.

## 7.8 Money Laundering

Money laundering occurs when the criminal origin or nature of money or assets is hidden in legitimate business dealings or when legitimate funds are used to support criminal activities.

AFK opposes all forms of money laundering in our operations. In order to avoid being involved in money laundering, our employees must ensure that adequate background checks (integrity due diligence) is conducted to confirm the identity and ownership of business partners when this is considered necessary.

## 7.9 Use of third parties (including agents and consultants)

Third parties are business associations such as suppliers, business partners, investors, customers, consultants, advisors and other associated with AFK's business, products or services (Third Parties).

AFK shall ensure appropriate management of Third Parties in accordance with applicable internal policies and procedures. What constitutes appropriate management shall always be adjusted to the specific risk, and appropriate management could include measures such as background checks, internal approval processes and mechanisms for ongoing due diligence and control, in order to minimise risk.

Some third parties are considered to involve increased risk of incidents such as breach of this Code of Conduct or applicable laws and regulations, particularly if they directly or indirectly are authorised to act on behalf of AFK or AFK's portfolio companies towards government officials, customers, authorities or other decision makers. International transactions show that third parties, including agents and consultants ("Agents"), may be used to conceal the payment of bribes to foreign officials in international business transactions. Agents are usually not under the same control and scrutiny as a company's own employees. Agents shall therefore be considered to involve increased risk and engagement of Agents shall always be subject to AFK's procedures and subject to prior approval by the CEO.

Third Parties shall only be engaged if no substantial issues of concern have been uncovered during the due diligence and control measures. AFK requires prior approval by the CEO in cases of increased risk and a) if the Third Party may engage other parties on behalf of AFK, b) if the engagement is outside the ordinary course of business or c) relating to any dealings or contacts with public officials.

The following shall always be assessed prior to engagement of Third Parties:

- The Third Party's competence and qualifications
- Business associations
- Political exposure
- Payment structure and

Minimum requirements for integrity due diligence.

Any agreements with such Third Parties shall:

1. be in writing,
2. specify the services to be performed in detail,
3. the compensation shall be proportional to the services received, and
4. the compensation shall be subject to a maximum cap set out in the agreement.

## 8 Personal conduct

### 8.1 Duty of confidentiality and information security

All employees must sign a non-disclosure agreement prior to their employment in AFK. The agreement shall include a duty of confidentiality with regard to all business matters, negotiations, information regarding operations and results, personal data etc. that one has become aware by working for AFK.

The duty of confidentiality also applies to employees that do not require the relevant information to perform their work assignments.

When communicating internal and company related information, one must be careful to avoid unwarranted disclosure to third parties. Employees are obliged to adhere to the company's information security procedure.

Personal data shall be handled in accordance with the company's privacy policy and applicable privacy laws (including GDPR). Employees with access to personal data shall have a strict duty of confidentiality. Employees must not seek personal information regarding other employees or business associates when this is not necessary for the employee's work task at AFK. Personal data obtained through due diligence involves enhanced confidentiality duties with regard to the involved persons and AFK's possibility to ensure confidential handling of reported concerns.

The duty of confidentiality continues to apply after the termination of the employment at AFK, as long as the information is considered of significance for stock exchange, competition or in any other way confidential. In the case of resignation or termination of employment, AFK will consider implementing measures such as quarantine, or change of sensitive work assignments for the resignation period.

## 8.2 Communication with media

All inquiries from the media regarding AFK shall be forwarded to and managed by the CEO. The CEO shall as a general rule handle such inquiries.

All inquiries from the media regarding subsidiaries or business associations in AFK shall be forwarded to the chairman of the board of the company in question. The chairman of the board may communicate with the media. The CEO and the communications responsible in AFK shall be notified and orientated about such inquiries and how they are followed up.

## 8.3 Travel expenses and other costs

Employees in AFK shall be modest when incurring fees at the expense of the company, and shall when traveling and representing the company not cause unnecessary or inadequate costs. All costs must have a clear business purpose.

## 8.4 Use of the company's property and equipment

Company equipment must not be used by employees for private enjoyment or activities that are not relevant for performing work assignments, in particular if such use may constitute a safety hazard.

## 8.5 Alcohol and other intoxicating substances

To be under the influence of alcohol or intoxicating substances during work hours is prohibited. Any use of intoxicating substances that may damage AFK's reputation must not occur.

Alcohol can be served in limited amounts in situations where this is common practice. Moderation is each employee's own responsibility.

## 8.6 Relationship between employees

In the event of employees becoming romantically engaged, the line manager must be notified if one of the employees has a supervising position towards the other, or if any other circumstances indicate that the relationship might affect the work performance.

## 9 Trading in securities

AFK is a listed company and is therefore bound by laws and regulations regarding the trade in the company's shares. Employees have to follow AFK's instructions on handling of insider information.

Employees or others in possession of information that is not public and may influence the pricing of the financial instruments are prohibited from buying or selling shares in AFK or any listed subsidiaries. Such information constitutes inside information. Inside information shall not be disclosed to individuals outside AFK, or to individuals in AFK that have no use for the information for their work assignments. Insider dealing is illegal and may lead to civil and/or criminal liability.

Trading in securities in AFK or other companies may only be done in compliance with the framework described below and the company's insider instructions.

Any purchase or sale of securities of a company that is subject to this Code of Conduct shall be authorised in advance by the CEO or the Chairman of the Board. In connection with a board decision related to potential investments, employees shall on their own initiative inform of any ownership interest, position or post in the company in question.

AFK shall have a register over ownership interests in AFK's portfolio companies that its own employees and persons closely associated with them have. Employees are obliged to disclose relevant information when the Board of Directors requests it.

Provided the abovementioned guidelines are complied with, employees in AFK and AFK's subsidiaries may invest in AFK shares, but not in companies that are included in AFK's portfolio. An exception applies for publicly listed companies. Employees in subsidiaries may also invest in the company in question if this has been facilitated as part of AFK's strategy (must be cleared in advance with the chairman of the board for the subsidiary in question). Shares which are not acquired in compliance with these guidelines, but that are acquired prior to adoption of the Code of Conduct, can be kept. Deviations from these guidelines must be approved by the CEO.

## 10 Business conduct

### 10.1 Sanctions and export control

Export control and economic sanctions are becoming increasingly complex and the general trend is that such laws are imposed against an increasing number of businesses and countries. Such laws may impose restrictions over the sale, shipment, electronic transfer, provision, or disclosure of information, software, goods, assets, funds, and services across national borders or involving parties subject to economic sanctions.

AFK complies with sanctions and export control laws and regulations imposed by the United Nations and major jurisdictions such as the European Union, United Kingdom and United States, in addition to other jurisdictions in which AFK operates in.

## 10.2 Fair competition

We are committed to protect fair and open competition both nationally and internationally. AFK shall act in compliance with applicable competition laws and regulations and international principles for fair competition.

AFK will not take part in or support illegal cooperation on pricing, illegal market sharing or any other activity that constitutes a breach of applicable competition laws.

## 10.3 Transfer pricing

Transactions between AFK and companies which for tax purposes are considered as affiliates of AFK, including companies in which AFK directly or indirectly holds an ownership interest of more than 33%, shall be on arms' length terms (transfer pricing). Consequently, the affiliated company shall act as an independent company. This applies to accounting and tax issues in different companies.

## 10.4 Market communication

AFK has developed an Investor Relations (IR) policy which shall be followed to ensure that shareholders, potential investors and other market participants simultaneously receive correct, relevant and updated information about AFK and portfolio companies in accordance with applicable laws and regulations. Only the IR responsible and the CEO are authorised to comment and give statements to the market on behalf of AFK or with information that concerns AFK, unless specifically agreed with the CEO.

VISITING ADDRESS  
Langbryggen 9, 4841 Arendal

POSTAL ADDRESS  
Box 280, 4803 Arendal

+47 37 23 44 00  
firmapost@arendalsfoss.no  
arendalsfossekompani.no