



Environmental Policy

Arendals Fossekompani ASA

Version no.	Date implemented	Changes
1.1	7 November 2024	Update in accordance with CSRD (Directive EU 2022/2464)
1.0	9 February 2023	New document

Approved by

Arendals Fossekompani's Board of Directors

1 Introduction and purpose

At Arendals Fossekompani ASA (“Arendals Fossekompani”), we are committed to environmental sustainability in all our business decisions and operations. We recognise the actual and potential impact that companies such as ours have on the environment and consider environmentally sustainable business conduct as both an opportunity to ensure long-term performance and growth for Arendals Fossekompani and a necessity to reach the objectives set out in the Paris Agreement. We support the UN Sustainable Development Goals and have chosen to focus on Goal 5 (*Gender equality*), Goal 7 (*Affordable and clean energy*), Goal 8 (*Decent work and economic growth*), Goal 9 (*Industry, innovation and infrastructure*), Goal 12 (*Responsible consumption and production*) and Goal 13 (*Climate action*).

Arendals Fossekompani’s focus on sustainability shall ensure long-term value creation for shareholders, employees and society.

This Environmental Policy (“Policy”) has been developed for the purpose of promoting and maintaining a focus on high environmental standards throughout all of Arendals Fossekompani’s business operations. The Policy shall be actively used to ensure that all activities are in line with the principles set out herein. We expect the portfolio companies in the Arendals Fossekompani Group to establish similar environmental policies according to their material environmental matters.

2 Governance and scope

This Policy was adopted by Arendals Fossekompani’s Board of Directors and sets out our environmental standards. It is applicable to all Arendals Fossekompani’s employees and projects, and shall also be communicated to Arendals Fossekompani’s portfolio companies, suppliers, business partners and other third parties.

Roles and responsibilities for implementation of this Policy:

- Arendals Fossekompani’s sustainability strategy, materiality assessments, and sustainability reporting, as well as any revisions to this Policy, shall be approved by the Board of Directors;
- The Policy’s operational implementation and monitoring, including biannual reports to the Board of Directors for evaluation, shall be delegated to Arendals Fossekompani’s Chief Sustainability Officer;
- All Arendals Fossekompani’s employees shall act in accordance with this policy, and shall also strive to ensure that portfolio companies, suppliers, business partners and other third parties are committed to environmental sustainability, and encouraged to implement their own environmental policies.

3 Strategy for environmental responsibility

At Arendals Fossekompani, we believe in active, long-term, and responsible ownership, such that we can engage deeply with our portfolio companies, including on issues relating to environmental sustainability.

We are committed to ensuring the company's resilience for generations to come, requiring that we monitor our impacts, risks and opportunities related to environmental sustainability.

Arendals Fossekompani's approach to environmental sustainability, within all aspects of our business operations, is based on two main pillars:

- **Minimising our environmental footprint:** Avoiding and minimising any adverse environmental impacts linked to our business operations. This includes adverse impacts as a result of Arendals Fossekompani's business operations directly, as well as any indirect impacts such as impacts related to our portfolio companies and our business partners, including suppliers and other third parties.
- **Promoting environmental sustainability:** Contributing to the green transition, including through clean energy, improved resource efficiency and sustainability throughout our value chain. This includes investing in new sustainable technologies and innovations, as well as products that are eco-friendly, recyclable, recoverable and best-in-class in terms of environmental sustainability.

We are also vulnerable to the effects of our changing climate, and endeavour to make the necessary changes to adapt our facilities and business decisions to withstand them.

Arendals Fossekompani shall update its strategies on environmental sustainability and prioritise its efforts therein based on annual double materiality assessments. These double materiality assessments shall include (i) mapping environmental sustainability aspects through the value chain, (ii) assessing stakeholders and their focus areas, (iii) analysing consequences of ESG for the company, including risks and opportunities, and stakeholders and megatrends, and (iv) prioritising environmental sustainability challenges and identifying KPIs and ambitions, and actions to achieve them.

4 Arendals Fossekompani's commitments to environmental sustainability

As approved by the Board of Directors, Arendals Fossekompani has made the following commitments to environmental sustainability, which will be continuously updated as relevant, as informed by climate transition planning.

4.1 Compliance

Arendals Fossekompani shall comply with all applicable laws and regulations regarding environmental sustainability and protection, including the Norwegian Pollution Act, Nature Diversity Act, Nature Conservation Act and applicable laws and regulations related to emissions of greenhouse gases. Any violations of applicable laws, regulations and this Environmental Policy will be treated in line with our internal guidelines and acted upon appropriately.

4.2 Greenhouse gas (GHG) emissions reduction

Arendals Fossekompani is committed to playing its part in reaching the environmental objectives set out in the Paris Agreement.

As an investment company that seeks to grow its portfolio, Arendals Fossekompani has set the objective of reducing the Scope 1 and 2 emissions intensity of the Group by 42% by 2030, from a 2021 baseline. In support of this and in line with the Science-Based Targets initiative (SBTi), Arendals Fossekompani has set a short-term target of reducing our own absolute Scope 1 and 2 GHG emissions by 42% by 2030 (from a 2021 base year). Our Scope 1 and 2 targets are aligned with 1.5°C global temperature increase compared to preindustrial levels, in line with the goals of the Paris Agreement.

Our objective is to further reduce GHG emissions related to our controlled business operations, and in our value chains where possible. We will consider possibilities for reducing our Scope 1, 2 and 3 GHG emissions, starting with collecting the data where there are informational gaps.

We will include EU Taxonomy eligibility assessments in our new business ventures. We will not invest in fossil fuel expansion, climate denial, or lobbying against climate-forward regulations.

We believe innovation and technology will be key to further decreasing GHG emissions. Through our portfolio companies we will contribute to further development of such innovation and technology.

4.3 Responsible use of natural resources and energy

Arendals Fossekompani shall strive to use all energy and natural resources as efficiently as possible. We are a producer of renewable energy in Norway through our hydropower operations. We encourage our portfolio companies to set Paris Agreement-aligned targets on energy consumption from fossil fuels.

The extraction of natural resources for our own operations and those in our value chain creates a reliance on the planet's finite resources. We shall strive to reduce and optimise our usage of natural resources, including reducing waste and recycling by-products of our operations.

4.4 Continual assessment and improvement

Arendals Fossekompani recognises that contributing to environmental sustainability is a continuous effort and requires constant assessment and improvement. A systematic approach is followed to

ensure Arendals Fossekompani is at the forefront of environmentally-friendly solutions, as well as to ensure compliance with this Policy.

Arendals Fossekompani's approach includes the below measures and actions:

- (i) Conduct double materiality assessments for itself and support portfolio companies to collect data on and identify environmental impacts, risks and opportunities, and ensure resources are allocated correctly;
- (ii) Identify areas where improvement is possible, required and/or beneficial in order to ensure compliance with this Policy and to ensure continuous contribution towards environmental sustainability;
- (iii) Conduct assessments of adverse environmental impacts prior to making material business decisions;
- (iv) Regularly assess compliance with this Policy and performance on the environmental strategy, including KPIs, and the measures implemented to minimise our environmental footprint and promote environmental sustainability;
- (v) Regularly report on Arendals Fossekompani's efforts related to environmental sustainability in accordance with CSRD.

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