

# Environmental Policy for Arendals Fossekompani ASA

## 1 Introduction and purpose

In Arendals Fossekompani, we are committed to environmental sustainability in all our business decisions and operations. We recognise the impact companies 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.

Arendals Fossekompani whole-heartedly embrace the UN Sustainable Development Goals Initiative and have, in relation to environmental sustainability, 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 is the result of sustainable choices through generations. The focus on sustainability ensures long-term value creation for shareholders, employees and the society.

This Environmental Policy is developed for the purpose of promoting and maintaining a focus on high environmental standards throughout all of Arendals Fossekompani's business operations. The Environmental Policy shall be actively used to ensure that all activities are in line with the principles set out herein.

## 2 Scope

This Environmental Policy was adopted by the Board of Directors of Arendals Fossekompani and is applicable to all Arendals Fossekompani employees and projects. The Environmental Policy should be communicated to all employees and Arendals Fossekompani's portfolio companies, suppliers, business partners and other third parties

Arendals Fossekompani shall strive to ensure that portfolio companies, suppliers, business partners and other third parties are committed to environmental sustainability and encourage their implementation of environmental policies.

Arendals Fossekompani's Environmental Policy includes our environmental standards as described below:

## 3 Strategy for environmental responsibility

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

**Minimising our environmental footprint** - Strong dedication to avoid and minimise 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 the portfolio companies, business partners, suppliers and other third parties.

**Promoting environmental sustainability** - Strong dedication to improve resource efficiency and sustainability of all operations throughout the whole lifecycle. This includes developing new sustainable technologies and products that are eco-friendly, recyclable, recoverable and best in class in terms of environmental sustainability.

Arendals Fossekompani shall prioritise its efforts within environmental sustainability based on double materiality assessments. Materiality assessments shall include (i) mapping of environmental sustainability aspects through the value chain, (ii) assessment of stakeholders and their focus areas, (iii) consequences of ESG for the company, including risks and opportunities, and stakeholders and megatrends, and (iv) prioritisation of environmental sustainability challenges and identification of KPIs and ambitions.

## 4 Arendals Fossekompani's commitments to environmental sustainability

### 4.1 Compliance

Arendals Fossekompani shall comply with all applicable laws and regulations regarding environmental sustainability and protection. Any violations of applicable laws, regulations and this Environmental Policy will be treated in line with our internal guidelines and followed-up appropriately.

Compliance with this Environmental Policy will be evaluated and reported to the Board of Directors biannually.

### 4.2 Greenhouse gas emissions

Arendals Fossekompani is committed to playing its part in reaching the environmental objectives set out in the Paris Agreement, and sustainable products have been identified as a prioritised environmental focus area.

Approved by the Board of Directors, Arendals Fossekompani ASA commits to reduce absolute Scope 1 and 2 GHG emissions 42% by 2030 from a 2021 base year.

Our objective is to further reduce greenhouse gas emissions related to our business operations. We will constantly consider possibilities for introducing renewable energy in our operations and implement methods which reduce greenhouse gas emissions.

Arendals Fossekompani considers innovation and technology as principal enablers to further decrease greenhouse gas emissions. We will prioritize further development of innovation and technology that may contribute to decreased greenhouse gas emissions from our and the portfolio's business operations.

### 4.3 Energy consumption and use of natural resources

Arendals Fossekompani is dedicated to responsible sourcing of natural resources and strives to use all energy and natural resources as efficiently as possible. We commit to continue annually sourcing 100% renewable electricity through 2030.

We are committed to reducing the energy consumption in our daily operations and reducing usage and improve the management of natural resources, including water, paper, manufactured products, and other natural resources involved in Arendals Fossekompani's operations.

Our ambition is to lower our energy consumption to achieve our goal of GHG emission reductions.

### 4.4 Waste prevention and recycling

Waste is a by-product of Arendals Fossekompani's business operations. Arendals Fossekompani is committed to eliminate or reduce waste generation to the greatest extent possible in all business operations to conserve resources and avoid or reduce pollution of water, air and soil. Arendals Fossekompani strives to recycle by-products of its business operations.

## 5 Continual assessment and improvement

Arendals Fossekompani recognizes that contributing to environmental sustainability is a continuous effort and requires constant assessment and improvements. A systematic approach is followed to ensure Arendals Fossekompani is at the forefront of environmentally friendly solutions, as well as to ensure compliance with the Environmental Policy.

Arendals Fossekompani's approach includes, but is not limited to, the below measures and actions:

- (i) Conduct materiality assessments for itself and support portfolio companies on a continuous basis to identify environmental 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 the Environmental Policy and to ensure continuous contribution towards environmental sustainability.
- (iii) Monitor developments in innovation and technology enabling environmentally friendly solutions in Arendals Fossekompani's business operations.
- (iv) Integrate assessment of adverse environmental impacts prior to making material business decisions.
- (v) Evaluate performance on environmental sustainability prior to engaging with business partners, suppliers and other third parties.
- (vi) Regular assessment of compliance with the Environmental Policy and performance on the environmental strategy, including KPIs, measures implemented to minimise environmental footprint and promote environmental sustainability.

- (vii) Regular reporting to and engagement with stakeholders on Arendals Fossekompagni's efforts related to environmental sustainability.