



CORPORATE SOCIAL RESPONSIBILITY AGDER ENERGI 2018





SUSTAINABILITY REPORTING IN AGDER ENERGI

Each year, Agder Energi reports on its work on sustainability in accordance with the Global Reporting Initiative Standards (GRI Standards). The reporting comprises parts of the annual report and this sustainability report. The most important general information at the Group level is presented in the annual report. More detailed information can be found in this sustainability report. When this sustainability report refers to “the Group”, it refers to the companies presented under the heading “GRI reporting at Agder Energi”. Due to a restructuring of the companies in the Group, the reporting basis for some of the indicators differs from last year, which may affect the presentation of the data. A more detailed description of this can be found in the section on “Organisational changes”.

The first part of the sustainability report contains information about the Group’s activities in the areas of sustainability and Corporate Social Responsibility (CSR), as well as a more detailed explanation of the reporting process. This includes a description of our work with stakeholders and how the Group and individual companies assess the materiality of topics relating to sustainability. This part of the report also contains a description of the Group’s supply chains and our work with innovation and regulatory frameworks. This is also where aggregated data for the whole Group are presented.

The second part of the sustainability report is specific for each individual reporting company. It includes a short introduction to the company in question, the sustainability data that is reported by all of the companies in the Group, and sustainability data that is relevant to the individual company.

Finally, the methodology used to collect data is presented, together with more information about the reporting process.



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KEY CSR FIGURES FOR THE AGDER ENERGI GROUP



Anti-corruption

All employees have received information and training on anti-corruption codes of conduct and procedures

Breaches of laws or regulations

No breaches of laws or regulations, or any other sanctions

Greenhouse Gas Emissions

Scope 1: 2 523.06 t CO₂e
Scope 2: 86.66 t CO₂e
Scope 3: 1 680.33 t CO₂e

Training

All employees receive regular feedback and assessments relating to career development and performance

Third-party health & safety

No incidents of non-compliance with laws and regulations on health & safety

Biodiversity

Four species are closely monitored to ensure their habitats are maintained

HSE

All employees are covered by the Group's Health and Safety system

Energy Production

8 859.77 GWh net production

Data protection

No complaints of data protection breaches by clients or employees

Direct economic results

NOK 3 612 MILLION distributed



THE IMPORTANCE OF CSR TO AGDER ENERGI

Society and the business community are closely intertwined and they influence one another. Businesses can only create value if there is a functioning, sustainable society, and society needs a healthy, responsible business community in order to prosper. CSR and sustainability don't just add value at a moral level, they also add it by generating growth and being profitable for both the company and its stakeholders.

Agder Energi's mission – "We provide clean energy for a sustainable society, now and in the future." – highlights the links between the Group and society. The Group also has a long, proud history of making an important contribution to society, and it sets high standards for fulfilling its mandate in a responsible and sustainable way.

The Group considers it important for entities to take responsibility above and beyond simply maximising their return on capital. Climate change is a global challenge, and if we are to reach the more ambitious targets of the Paris Agreement, companies must promote positive change and mitigate negative impacts. Climate change is also becoming increasingly important to our stakeholders, who are imposing ever stricter requirements in relation to CSR and CSR reporting. In order to ensure transparency and meet the needs of our stakeholders, the Group publishes an annual sustainability report. CSR at Agder Energi is based on the Group's values and on sustainability, which are reflected in all aspects of our strategy, mandate and day-to-day operations.

The UN Sustainable Development Goals and climate change are global challenges that require entities to work together. Frequently, many entities face the same issues in terms of how to act responsibly and use large amounts of resources to solve them individually. In view of that, Agder Energi has decided to play a key role in the Norwegian branch of the UN Global Compact. Our CSR Director sits on the board of the organisation, highlighting Agder Energi's commitment to working with other businesses to make society more sustainable. The UN Global Compact, the world's biggest business organisation focusing on CSR, is working to make CSR a natural part of the strategy of its member companies.



STAKEHOLDERS AND AGDER ENERGI

Agder Energi defines stakeholders as people or groups who are affected by, or who could affect, the Group's business activities. Cooperation with stakeholders is a high priority for Agder Energi, and as a publicly owned company the Group is dependent on having the trust of its stakeholders. Cooperation with stakeholders is therefore part of the Group's day-to-day activities.

Each company defines its most important stakeholders in its business plan, and the

Group's most important stakeholders are the stakeholders that have been identified as important by the highest number of companies. The important stakeholders include employees, shareholders, customers, stakeholder organisations, government authorities, suppliers, lenders and other business partners.

Sustainability reporting is a key aspect of our communication with the Group's most important stakeholders, and the purpose

of this reporting is to meet our stakeholders' needs for information about the Group's efforts to integrate social and environmental considerations into its day-to-day operations. In 2018 the Group put a significant amount of work into finding out which areas of sustainability our stakeholders would like us to report on.

EMPLOYEES

At the end of the year, the Group employed 1,005 people if you include both permanent and temporary employees. Meanwhile, the companies covered by this report had 886 employees at the end of the year. Employee representatives and managers at Agder Energi have several regular, formal channels for discussing both strategic and operational issues. There are also a number of informal channels of communication. A working environment survey of the Group's employees is carried out every two years.

The Electrician and IT workers union, The Norwegian Society of Graduate Technical and Scientific Professionals (Tekna), The

Norwegian Society of Engineers and Technologists (NITO) and Negotia each have a chief employee representative for the Group as well as a joint chief representative for the Group. There are a number of channels through which employee representatives, the Group management and company managers can meet. The most important ones include the Group works council, Group meetings, working environment committees and company works councils.

As part of a systematic approach to promoting diversity, Agder Energi is participating in the project "Equality in the work-

place". The project is about equal opportunity in the widest possible sense. That means providing equal opportunity regardless of gender, religion, ethnicity, any disability and sexual orientation. In 2018, the project was awarded a prestigious equal opportunity prize by the Confederation of Vocational Unions (YS).

SHAREHOLDERS

Each year, the senior management team meets the shareholder municipalities at meetings with their executive boards or municipal councils. The municipal shareholders also hold regular shareholder meetings. The main topic for shareholder meetings is matters relating to the ownership of the Group, but other issues of concern to municipalities can also be raised, such as new power stations and grid reliability.

Communication between the group management team and the Board of Directors takes place through formal channels that keep the owners informed of important events and allow them to have a say in major decisions.



CUSTOMERS

Customers are an important stakeholder group for the companies that have customers. LOS carries out regular customer surveys. The results are used to make adjustments to how the company communicates with its customers. Agder Energi

Nett also performs regular surveys. Other companies in the Group also keep in regular touch with their retail and corporate customers in order to build up valuable, strong relationships.

ORGANISATIONS

The big changes taking place in the energy industry make it vital to have the information that the Group needs to position itself for the future. This is one of the reasons why the Group participates in a number of regional, national and international groups, councils and committees working on questions relating to the regulatory framework for the industry. These include both technical organisations and trade associations.

One of the most important ones is Energi Norge, the organisation which represents businesses in the energy sector affiliated to the Confederation of Norwegian Enterprise (NHO). Other organisations in which Agder Energi participates include Eurelectric – The Association of the Electricity Industry in Europe, NORWEA – Norwegian Wind Energy Association and NECS – Norwegian Energy Certificate System.

Agder Energi has a partnership agreement with the environmental organisation ZERO, which has been running since 2013.

GOVERNMENT AUTHORITIES AND THE LOCAL COMMUNITY

In conjunction with all power station projects, good communication with local authorities and other stakeholders in the local community is a priority. The issues that are typically of most interest to stakeholders include indirect economic impacts on local businesses and environmental questions. When a licence application is submitted, the Norwegian Water Resources and Energy Directorate organises stakeholder and public consultations.



AGDER ENERGI'S SUPPLY CHAIN

Agder Energi's mission to provide clean energy for a sustainable society, now and in the future, also sets the parameters for risk management throughout the value chain. So that it can make a positive contribution to society, the Group sets standards for all of its suppliers – from international suppliers of raw materials to local subcontractors. To demonstrate that ethical conduct gives a competitive advantage, Agder Energi takes into account transparency and responsible working conditions when selecting suppliers.

Agder Energi Nett and Agder Energi Varme are covered by the Norwegian Public

Procurement Act. Suppliers to the distribution system operator must qualify through UNCE, which is a supplier register and pre-qualification system used by Nordic utilities. For major investment projects, the total value of goods and services purchased can be of the order of one billion Norwegian kroner. Purchases for these projects range from construction services to advanced technical components. Technical installations often involve subcontractors in a number of countries.

In its contracts, Agder Energi requires suppliers to comply with the Group's rules on CSR and occupational health and safety.

In 2018 the Group carried out audits to check that selected suppliers are complying with these requirements. With the help of an external supplier, the Group audited 60 companies in 2018, selected on the basis of an holistic risk assessment. 41 of these were based in Norway. In total, 156 of the Group's suppliers have now been audited. Audits are based on recognised auditing standards and are performed in collaboration with UNCE. Agder Energi has chosen to focus on high-risk industries, as well as on improving the quality of its audits and following up open items in audit reports.



MATERIALITY ASSESSMENT

The Group has decided to follow the framework of the GRI Standards for its CSR reporting. This includes mandatory disclosure items, but it also makes it clear that users of the framework should report on any material topics. This means sustainability topics that are material to the company's operations, but also material to the company's stakeholders.

In 2018 the Group put a lot of work into identifying the topics that are most material to the Group. For those topics, each

company covered by the sustainability report presents data on its own operations, while the Group aggregates the data at the Group level.

Individual companies in the Group have also assessed the materiality of various other topics to their own operations, and those topics have then been assessed by the companies' respective stakeholders. This has enabled the Group to identify the material topics for the companies' own goals in relation to CSR and sustainability, as well

as the topics that the companies' stakeholders need to be reported. This is the reason why the individual company reports in the sustainability report include some joint indicators, some indicators that are used by several companies, and a few indicators that are only used by one company.

As a result of the materiality assessment, twelve topics have been selected as being particularly important:

ANTI-CORRUPTION

Like all businesses, Agder Energi faces risks associated with financial crime such as corruption, misconduct and illegal price fixing. The Board and management of Agder Energi shall ensure the implementation of a robust anti-corruption system, an important element of which includes providing training to employees.

Within Agder Energi's ethical framework, all employees have a responsibility to prevent corruption. Preventive measures have been put in place, such as ethical guidelines, dilemma training and internal controls.

Moreover, a new role has been created whose main responsibility is preventing corruption. Various internal and external whistleblowing channels have been established. Agder Energi has created an interdisciplinary ethics committee to deal with matters reported through the whistleblowing channels.

All of Agder Energi's employees have received information and training on the Group's anti-corruption guidelines and procedures.

BIODIVERSITY

Biodiversity is important to the Group as a whole, but it is particularly important to Agder Energi Vannkraft and Agder Energi Nett. All companies in the Group follow the *Group CSR and Environmental Guidelines*, which give the companies themselves responsibility for setting goals with respect to their environmental impacts. Agder Energi Vannkraft focuses on biodiversity in the watercourses where it operates, while the impact of power lines on vulnerable species is an important topic for Agder Energi Nett. The Group regularly assesses the need to

make changes to its activities in relation to biodiversity. The *Group CSR and Environmental Guidelines* will be updated in 2019.

Dams and power stations change the natural environment, but the Group's activities do not have a bigger impact on nature or society than is usual for this kind of business. Agder Energi has 58 power stations at the companies included in this report, located in Vest-Agder, Aust-Agder, Telemark, Lithuania and Latvia. Distribution system operation is not as such polluting,

but the power cables have an impact on the landscape, and there is a risk of birds colliding with them or suffering electric shocks.

Agder Energi Nett's operations have a particularly big impact on one critically endangered species, the Eurasian eagle-owl. Agder Energi Vannkraft's operations affect the eel, which is defined as vulnerable, and the salmon and bleke, which are defined as being of least concern.



BREACHES OF LAWS AND REGULATIONS

It is important for the Group to adhere to laws and regulations, and there are procedures and systems in place to ensure compliance. Compliance is a key responsibility that is ensured through organisational structures, procedures and systems. The Group has established a compliance function to assist the senior management team with

executing these responsibilities at all of its companies.

This compliance function is designed to prevent, detect, and handle issues relating to non-compliance. Agder Energi AS and its largest subsidiaries have their own compliance functions.

Subsidiaries report annually to Agder Energi AS with updates on this function. As of today, there is no established system for continuous reporting of breaches of laws and regulation. However, no fines or other penalties for breaches of laws or regulations were recorded in 2018.

HEALTH AND SAFETY

Health and safety is a priority area at all levels of Agder Energi. Our health and safety activities are regulated by legislation, company guidelines, instructions and procedures, as set out in the Group's health and safety management system.

The Group has a zero accident vision and wants all employees to experience job satisfaction. The health and safety figures for recent years show improvement. Health and safety has been prioritised throughout the organisation, and it is the first item on the agenda at management meetings at both the Group and company levels. Employees receive health and safety training that reflects their roles and certain companies, such as Otera and Agder Energi Vannkraft, have additional health and safety training programmes.

For the companies that reported on this metric, the average total injury frequency

(number of injuries per million work hours) was 3.83, while the lost time injury frequency (number of LTIs per million work hours) was 2.19.

The power stations have dedicated health and safety managers with responsibility for reporting and facilitating improvements to health and safety procedures, as required and in response to defined trigger points. There is an occupational health and safety system with working environment committees covering all workers, providing the opportunity to report dangerous situations and accidents. Employees participate in, and contribute to, health and safety activities through the working environment committees and safety representatives at individual companies, as well as through safety and the working environment surveys carried out by departments. The Group has also established a public, anonymous whistleblowing channel that our own em-

ployees, contractors and third parties can use to report any misconduct. In addition, all of the companies in the Group have a company health service.

There are a range of risk assessment tools available for the various activities and situations to be assessed. Broadly speaking, risk assessments are carried out for emergency planning, liability, restructuring and operational issues. Risk Managers at individual companies are responsible for keeping assessments up-to-date. For workplace operations, a Safe Job Analysis (SJA) is used, which is carried out by the person responsible for the work before starting. This covers local issues and is designed to deal with the risks associated with the workplace in question. Risk assessments may lead to physical or organisational changes which are implemented to ensure that the working environment is completely safe.



GREENHOUSE GAS EMISSIONS

As a renewable energy group, low greenhouse gas emissions provide an important competitive advantage and are important to the Group's ability to add value. In view of that, it is important for the Group to minimise its own greenhouse gas emissions. Emissions related to transport are responsible for the majority of the Group's direct greenhouse gas emissions, while electricity consumption is the biggest source of indirect greenhouse gas emissions.

By purchasing guarantees of origin, companies in the Group have reduced some of the emissions associated with their electricity consumption. The Group has in total acquired guarantees of origin covering 22.35 GWh. Guarantees of origin are a certification system for electricity used to document that a certain amount of electricity has been generated from a specific energy source. This system, which was established under the EU's Renewable Energy Directive (2001/77/EC), allows customers to choose between renewable and non-renewable electricity.

Greenhouse gas emissions are calculated by converting energy consumption and energy carriers relating to the Group's buildings, vehicles and facilities, as well as energy used for district heating. These areas are included in the Group's Scope 1 and Scope 2 CO₂e emissions in accordance with the GHG protocol's methodology for calculating greenhouse gas emissions. CO₂e emissions are greenhouse gas emissions calculated by converting the various greenhouse gases to their equivalent CO₂ emissions.

Statnett redeems guarantees of origin for the electricity from pumping stations for 2018 and the previous year. Electricity is a neutral energy carrier without any direct emissions. Nevertheless, some of the energy sources used to generate electricity do produce emissions. Guarantees of origin, which Statnett allocates to producers of

renewable energy in Norway, document that the electricity generated by the Group comes from Norwegian hydropower. Greenhouse gas emissions from electricity have been calculated using a conversion factor of 531 grams CO₂/kWh, equivalent to the European power mix, in accordance with the 2017 product declaration of the Norwegian Water Resources and Energy Directorate (NVE).

Agder Energi Nett's revenues are regulated by the government. The income cap takes little account of the need to buy guarantees of origin to cover distribution losses. The distribution losses of Agder Energi Nett were approximately 322 GWh. Guarantees of origin are regulated by EU law and are traded in various national markets. Several of our power stations are certified by the German company TÜV SÜD, which audits them each year. Other power stations have been approved for the Swedish eco-label Bra Miljöval.

The report also covers emissions from subcontractors' use of concrete and asphalt in major construction projects. This is included in Scope 3 in accordance with the GHG Protocol.

Some of the Group's turnover is put into a fund that is used for environmental protection measures. One such measure is the electric fish guard that Agder Energi Vannkraft has installed over the discharge pipe from Rygene power station. Most of Agder Energi Vannkraft's power stations were built before the year 2000.

The main sources of greenhouse gas emissions are transporting staff, producing and transporting new components and SF₆ losses. Decomposition processes in the reservoirs have mostly ended, so annual emissions caused by these plants are now well below 1 gram per kWh generated.

Østfoldforskning have carried out a complete Life Cycle Assessment (LCA) of the greenhouse gas emissions produced by Skjerka power station, where new dams were completed in 2017. They concluded that the greenhouse gas emissions from Skjerka power station, based on an LCA approach, are around 4.2 g per kWh generated.

CO₂e emissions from total electricity consumption have also been calculated using the Norwegian power mix according to the NVE, which gives a factor of 16.4 g of CO₂e per kWh, without making any deduction for guarantees of origin purchased. This use of the local electricity mix is based on the methodology of the GHG Protocol, which requires CO₂e emissions to be reported using both market-based and location-based methods.

The most accurate figures available have been used to calculate CO₂e emissions based on the NVE's national and European product declarations for the relevant years. The NVE typically publishes its product declaration in June of the following year, which means that the product declaration for 2018 was not yet known when this report was prepared. Data from the 2017 product declaration have therefore been used to calculate CO₂e emissions for 2018.

As the Group has made significant changes to the way in which it calculates greenhouse gas emissions, it has decided not to present any historical data, as the figures are not directly comparable.



STAFF TRAINING

Agder Energi considers the expertise of its employees to be one of its most important resources. It therefore holds courses on a variety of topics based on the needs of the Group, which employees can attend by agreement with their line manager. After internal courses, a questionnaire is sent out so that participants can give their feedback. Courses and training programmes are modified in response to feedback and experiences, as well as based on how well expectations have been met.

The Group's approach to training is informed by the innovation and business development

activities set out in the Group's strategy to 2020, as well as by the need for digitalisation and adaptation to new technology. The Group is therefore working to establish a strong culture of continuous improvement and innovation.

In order to develop today's managers, talented professionals and specialists, the Group has established a management development programme that is mandatory for all managers. Key learning goals include communication skills, interpersonal skills, dialogue skills, teamwork, coordination and continuous improvement.

The Group is experiencing a growing need to mobilise expertise across its companies, and internal mobility is increasing. Consequently, the Group is making more use of flexible working structures that facilitate the sharing of expertise between companies without staff having to be transferred.

All employees at the Group are given regular feedback and performance reviews, as well as support with career development.

DATA PROTECTION

Data protection was an area of priority for Agder Energi in 2018, especially after the introduction of the General Data Protection Regulation (GDPR). These joint European rules increase the rights of employees and customers, as well as putting in place stricter standards for collecting and storing data. As a result, all processing of personal data has been reviewed to ensure that the group has good data protection procedures.

Agder Energi must comply with laws regarding the data protection rights of Norwegian residents, its customers and its employees. The Group has a dedicated data protection officer, and rules and procedures have been

put in place to safeguard the rights of data subjects. Each company has appointed someone who is responsible for data protection, and all employees have completed a training course on the new regulation. Privacy policies describe the way in which Agder Energi Nett and LOS process personal data in accordance with the GDPR. The way in which the personal data of staff is processed in Workplace is set out in the Workplace Premium Privacy Policy.

In 2018 the Group dealt with one complaint from a third party about the breach of customers' data protection rights.



ELECTRIC POWER INDUSTRY

The electric power industry has an important social mission, but it also has the potential to have a positive or negative impact on the economy, environment, climate and society. Some of the topics that are important to energy companies in general are not as relevant to groups that base their activities on generating and distributing renewable hydroelectric power. Climate-friendly renewable energy generation is one of the most important ways in which the Group can combat climate change. The way in which this work is conducted is part of Agder Energi's business strategy, and as Norway's fourth largest electricity utility the Group plays an important role in society as a whole.

The Group's hydroelectric power stations, including UAB Baltic Hydroenergy and Latgales Energetika, generated 8,688 GWh of electricity in 2018. Agder Energi is building several hydroelectric power plants that will be completed over the coming years. The Group is also working on several major hydroelectric projects that may increase the Group's renewable energy generation in the future.

The high proportion of renewable energy in our district heating system mainly reflects our use of waste heat from Returkraft's waste-to-energy plant and from Glencore Nikkelverk in Kristiansand. In 2016 our plant at Vesterveien in Kristiansand was converted

to use biodiesel, which means that the city centre's district heating system no longer uses fossil fuels. Arendal uses biofuels originating from sawdust produced by industrial companies located in Vennesla and Kragerø, while Grimstad burns biobriquettes from sawmills in Agder. In this way, the resources are fully utilised in a sustainable and cost-effective manner. Agder Energi Varme's free cooling plant uses cold sea water from a depth of 150 metres to provide cooling to the hospital, several large buildings in the Kvadraturen district and Agder Energi's head office in Kristiansand.

THIRD PARTY HEALTH AND SAFETY

Health and safety is the Agder Energi Group's top priority, and this also applies to third parties. Third parties are defined as people who come into contact with, or are affected by, the Group's activities in a variety of ways.

The Group's fundamental philosophy is that all accidents are avoidable, so it is continuously working on preventive and corrective actions to ensure the safety of its own employees, contractors and third parties, and a record is kept of the number of injuries to these groups in order to monitor progress. If an incident could have resulted in serious harm to people or the environment, regardless of whether or not it actually did, the Group tries to understand the circumstances that led to the incident by performing systematic root cause analysis. All companies in the Group work systematically to share their experiences of such incidents in order to enhance the quality of learning amongst their own employees and contractors.

Third party health and safety is particularly important in conjunction with big develop-

ment projects, infrastructure and power lines. This is particularly important at Agder Energi Nett, as the company considers itself to be partly responsible for the health and safety of its customers by providing them with a safe, reliable electricity supply. A modern society cannot function without a reliable electricity supply, so Agder Energi Nett is continuously working on improvements in areas such as clearing rights of way by overhead power lines.

The Group's large projects often take place in areas used by third parties. In order to ensure the safety of our own staff and of contractors, suppliers and subcontractors, the Group must ensure that it is safe for third parties to operate in and around the site. During the initial phase of big development projects, risk analyses are performed that cover the safety of third parties. The safety of third parties is ensured by having physical barriers, warning signs and in some cases guards at the construction site. In addition, information is provided through community meetings, the local press, public notices and dedicated websites. Transport to and from the site is also a critical op-

eration, with heavy goods vehicles often going through local communities with many pedestrians and cyclists. Agder Energi deals with this by providing information and training to our own drivers and those of our suppliers, imposing speed limits in and out of the site and limiting transport at times of day when there are lots of pedestrians and cyclists around.

When a commercial project is concluded, an assessment report is written, which where relevant includes an evaluation of work on third party health and safety. The findings of the report are then used as a basis for improvements in the next project.

In 2018, no incidents were recorded that involved Agder Energi failing to comply with legislation and guidelines on health and safety in its products or services.



IMPACTS ON THE LOCAL COMMUNITY

The local community and the Agder Energi Group are symbiotic. Our modern society couldn't function without the electricity supplied by the Group, and without the local community, the Group would be unable to achieve its goals. The Group therefore makes a conscious effort to run its business in a way that ensures the best possible relationship with the local communities in the areas where it operates.

Support for children and young people

One way in which Agder Energi supports the local community is through the LOS fund, which provides NOK 1 million in grants to children and young people under the age of 18. Since 2004, the electricity retailer has supported more than 1000 clubs, associations and individuals spread across all of the municipalities in southern Norway.

Business environment and innovation

In order to increase the value added by the Group, Agder Energi aims to be the industry leader with respect to understanding, exploiting and influencing the business environment. Market developments and relevant technology are closely monitored. This work informs our continual improvement processes, lobbying activities and policy positions.

Research and development

The Group's investment in R&D shall lay the foundations for long-term, profitable growth and promote development activities to increase the potential of the core business. Through our ownership interest in Teknova, an institute for applied R&D, the Group supports the research community in the region studying renewable energy.

Together with the trade organisation Energi Norge and other energy and industrial companies, as well as the Norwegian University of Science and Technology, NINA, SINTEF and other research institutes, Agder Energi Vannkraft participates in HydroCen. HydroCen is a Centre for Environment-friendly Energy Research backed by the Research Council of Norway. The centre aims to provide the Norwegian hydropower sector with new knowledge and innovative solutions.

Innovation

In order to ensure that the Group is in a position to exploit the technologies and markets of the future, the organisation is always on the look-out for new opportunities within and beyond our current core activities. These include a collaboration with the University of Agder on artificial

intelligence at power stations and a project for smart grids in partnership with Microsoft.

In the autumn of 2018, Agder Energi and Microsoft won a prestigious prize for their use of cloud computing and machine learning to make the grid smarter. The prize was awarded by the Alliance to Save Energy. The list of former winners includes IBM, Elon Musk, Schneider Electric, Lockheed Martin and Whirlpool. The partnership between Agder Energi and Microsoft has focused on using new technology to create cutting-edge smart grid solutions. Customers whose power consumption is flexible will be able to change both when they use electricity and how much they use, at the same time as reducing their overall electricity bills. The system also integrates the various levels of the electricity network with each other, including linking small-scale renewable energy generators with end-users and markets. The aim is to use the electricity network more efficiently and to ensure a smarter grid for the future.

ECONOMIC PERFORMANCE – DIRECT

Our economic performance is a prerequisite for running the company and is of vital importance to our employees, shareholders and the Agder Energi Group. If the Group achieves strong financial results, this generates indirect economic impacts in the business community through greater in-

vestment in infrastructure and new projects. The value added statement, which is a reflection of how our financial performance benefits society, presents how value is created and distributed amongst employees, lenders, the public sector, shareholders and the company itself.



ECONOMIC PERFORMANCE – INDIRECT

Agder Energi is also very conscious of its indirect economic impacts. These may be generated by building infrastructure or providing district heating. They are particularly significant in the case of companies like Agder Energi Varme, Agder Energi Nett and Agder Energi Vannkraft. Investments in infrastructure and the operation of our existing facilities provide work for local contractors. District heating reduces the

energy costs of Agder Energi's customers, because it is cheaper than electricity, oil or biofuel. District heating also reduces pressure on the electrical grid, reducing the need for further investments.

Agder Energi Nett makes an important contribution to society by creating jobs and economic growth in Agder. The company is a significant customer for local suppliers

in Agder, and it has established ties with 554 providers of goods and services. As such, Agder Energi Nett plays a big role in ensuring the health of the business community in Agder. All projects to build new facilities or refurbish existing ones, as well as operation and maintenance, involve buying services from local suppliers. As well as giving a financial boost to suppliers, this also enhances their expertise.

Employees	Unit	2018
Total	number	886
Proportion of permanent employees	%	95.71%
Proportion of temporary employees	%	4.29%
Proportion of men (of permanent employees – only 2018)	%	76.64%
Proportion of women (of permanent employees – only 2018)	%	23.36%
Number of full-time equivalents	number	695.90
Reaching retirement age within 5 years (%)	%	11.06%
Reaching retirement age in 6–10 years (%)	%	15.24%

Biodiversity	Unit	2018	2017	2016
Number of critically endangered species affected by operations	number	1	N/A	N/A
Vulnerable species (on red list) affected by operations	number	1	N/A	N/A
Species of low concern (not on red list) affected by operations (e.g. eelgrass, salmon, bleke)	number	2	N/A	N/A

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Health and safety	Unit	2018	2017	2016
Lost time injuries per million work hours	H1	2.19	2.10	3.50
Injuries per million work hours	H2	3.83	3.70	5.40
Sickness absence	%	3.60%	3.54%	3.50%



Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	2 523.06	Not comparable due to organisational changes	
Indirect emissions – Scope 2	tonnes of CO ₂ e	86.66	Not comparable due to organisational changes	
Indirect emissions – Scope 3	tonnes of CO ₂ e	1 680.33	213.57	77 335.85
SF6 gas emissions (Included in Scope 1)	kg	358.50	465.37	3 464.53

Electric power industry	Unit	2018	2017	2016
Net energy output	GWh	8 859.77	8 971.26	9 043.08
Number of fully and partly owned power stations	number	58	58	58
Network reliability	%	99.94%	99.98%	99.98%
Length of overhead power lines	km	13 746.00	13 766.00	13 556.00
Length of underground/underwater lines	km	8 193.00	8 010.00	7 792.00
Length of district heating network	km	65.00	64.00	61.00
Length of district cooling pipes	km	16.00	14.40	14.20

Data protection	Unit	2018	2017	2016
Complaints about data protection breaches	number	1	N/A	N/A

Economic performance – direct	Unit	2018	2017	2016
Available for distribution	NOK million	3 612	3 325	2 736
The company	%	14.50%	20.60%	7.10%
Employees	%	20.70%	21.40%	22.80%
Lenders	%	4.90%	5.10%	6.50%
The public sector	%	43.50%	34.60%	41.30%
Shareholders	%	16.40%	18.20%	22.20%



AGDER ENERGI VANNKRAFT

Agder Energi have 50 fully-owned and partly-owned power stations in the counties of Aust-Agder and Vest-Agder, as well as in south-west Telemark. The company operates 42 of these. In total, the company meets approximately 5% of Norway's total energy requirements.

Hydroelectric power is the most important renewable energy source in Norway, and Agder Energi is one of the country's leading producers of renewable energy. Generating this electricity produces large profits, which are returned to society, in part through dividends paid to the company's public sector shareholders.

Agder Energi Vannkraft strives to reduce any negative environmental impacts of its electricity generation. One of its areas of focus in relation to river environments is ensuring that salmon can follow their natural life cycle without this preventing the production of electricity. In addition, a major effort has been made to uncover the causes of excessive growth of bulbous rush and to take action to deal with it.

Agder Energi Vannkraft's power stations are not located in protected areas or in protected river systems. Agder Energi Vannkraft does have six power stations along the River Mandalselva, which is a national salmon river. The Group has more than 120 dams, most of which are situated in areas that are not specially protected. In the Setesdal Vesthei Ryfylkeheiane protected landscape there are several reservoirs. Agder Energi Vannkraft helps to assess the environmental impacts of power generation, particularly at its own power stations. Within the framework of its existing licences, Agder Energi Vannkraft is trying to reduce negative environmental impacts through various statutory and voluntary measures, such as releasing water to entice fish to swim up rivers and building salmon ladders, as well as putting out fish and roe in reservoirs.

There are rules on the minimum flow needed to preserve recreation areas and to protect fish stocks in dammed rivers. There were

no recorded breaches of these rules in 2018. A more detailed description is provided under "Local pollution".

Damming river systems can affect the ability of fish to live and reproduce. In order to mitigate this, Agder Energi Vannkraft has implemented various statutory and voluntary measures in several river systems in recent years. Streamflow is important to life in rivers, and the company strongly prioritises keeping within the established parameters. In all of the river systems where the company operates, fish stocks are measured in selected reservoirs. Fish are released into some reservoirs to compensate for the harm caused by damming, but the number of fish put out is much lower now than it was a few years ago. This reflects the recommendations and decisions of the environmental authorities.

In the River Mandalselva, for example, there is a special environmental design project, all of the investigations for which were completed in 2018. In spring 2019, Agder Energi Vannkraft will apply for changes to the rules on operating the dams at Laudal power station, based on the results of the environmental design project. The aim is to minimise the negative impacts caused by power generation, while also increasing or maintaining the amount of electricity generated.

In the Mandalselva, the number of salmon migrating upstream is counted at Laudal power station, and Agder Energi Vannkraft records the density of juvenile salmon in the area during periods of minimum flow. These findings are important to assessing the results of the actions taken in conjunction with the abovementioned environmental design project. Last year's counts show that measures implemented in recent

years have had a positive impact on the number of juvenile salmon, the migration of adult salmon and angling.

In the Arendal river system, Agder Energi has worked with NIVA to study the migration of smolts past Rygene power station. The aim is to reduce harm to smolts migrating downriver past Rygene power station and to come up with targeted actions that minimise the need to release more water than required by the rules on the operation of our dams. In 2018, the company also tagged adult salmon to study which measures are needed to facilitate their passage up the river past Rygene power station.

Otteraaens Brugseierforening (OB), in which Agder Energi Vannkraft holds a stake, is carrying out an R&D project. The aim of the project is to restore the freshwater salmonid called the bleke to Byglandsfjorden. Syrtveit fish hatchery is owned by OB and is run by staff at Agder Energi Vannkraft. It plays a key role in producing eggs and juvenile bleke that can be released into the river. The bleke project aims to use research and practical measures to re-establish a viable, self-sustaining population of bleke that no longer requires additional fish to be released.



AGDER ENERGI VANNKRAFT

Employees	Unit	2018	2017	2016
Total	number	145	146	158
Proportion of permanent employees	%	95.00%	96.00%	96.00%
Proportion of temporary employees	%	5.00%	4.00%	4.00%
Proportion of men (of permanent employees – only 2018)	%	92.00%	92.00%	93.00%
Proportion of women (of permanent employees – only 2018)	%	8.00%	8.00%	7.00%
Number of full-time equivalents	number	142.50	N/A	N/A
Reaching retirement age within 5 years (%)	%	21.70%	23.30%	20.90%
Reaching retirement age in 6–10 years (%)	%	21.70%	24.00%	25.90%

Biodiversity	Unit	2018	2017	2016
Vulnerable species (on red list) affected by operations	number	1	N/A	N/A
Species of low concern (not on red list) affected by operations (e.g. eelgrass, salmon, bleke)	number	2	N/A	N/A

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Health and safety	Unit	2018	2017	2016
Lost time injuries per million work hours	H1	3.54	0.00	12.80
Injuries per million work hours	H2	3.54	6.60	3.20
Sickness absence	%	3.10%	4.20%	2.10%

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	584.57	2 160.06	1 988.65
Indirect emissions – Scope 2	tonnes of CO ₂ e	0.00	0.00	0.00
Indirect emissions – Scope 3	tonnes of CO ₂ e	1 678.22	171.42	76 516.75
SF6 gas emissions (Included in Scope 1)	kg	239.00	341.77	1 713.63

Electric power industry	Unit	2018	2017	2016
Net energy output	GWh	8 680.00	8 792.00	8 873.00
Number of fully and partly owned power stations	number	50	50	50

* Electricity consumption at offices is recorded under Agder Energi Eiendom



AGDER ENERGI NETT

Agder Energi Nett owns and is responsible for operating the regional transmission and distribution networks in Aust-Agder and Vest-Agder, including a total of 21,900 km of power lines and serving over 200,000 customers. The company provides and develops robust infrastructure, services and supplies in line with the expectations of society and in compliance with laws and regulations.

Since a safe, reliable electricity supply is vital to a modern society, Agder Energi Nett is continuously working to improve its procedures for clearing rights of way for high voltage overhead power lines. For example, in the summer of 2018 Agder Energi used helicopters to perform a 3D scan of its electrical grid. The aim was to find out where it was necessary to clear trees in order to safeguard the region's electricity supply. These kinds of continuous improvement are very important if Agder Energi Nett wants to avoid power cuts in the event of extreme weather events such as large amounts of wet, heavy snow.

Agder Energi Nett is an important part of the business community in Agder, and it supports economic growth in the region by providing employment and generating revenues for suppliers, particularly contractors, electricians and arborists. Agder

Energi Nett also promotes biodiversity and has taken several measures to protect the Eurasian eagle-owl in Norway. The company aims to minimise its negative impacts on the environment by focusing on this throughout the design, including in licence applications, preliminary projects, construction, operation and maintenance of its infrastructure.

The company carries out risk and vulnerability assessments during the planning phase that take into account possible environmental impacts. The potential environmental impacts vary from project to project. Major environmental considerations such as protected areas are uncovered by risk and vulnerability assessments or the underlying documentation for the assessments. Potential environmental impacts must be covered by planning applications.

In collaboration with ornithologists and the County Governor of Agder, locations inhabited by eagle-owls close to various "dangerous" towers have been identified, and Agder Energi Nett is now in the eighth year of implementing measures to protect the birds against electric shocks. The general outline of the eagle-owl locations are also defined in the map of the company's grid used by the development department, which warns the design team where special care must be taken and special design solutions must be used. Areas where action has been taken are monitored by the ornithologists. That gives us continuous feedback on the efficacy of the measures and enables us to adjust them going forward in order to optimise tower designs and other actions.

Employees	Unit	2018	2017	2016
Total	number	174	158	157
Proportion of permanent employees	%	93.00%	89.00%	90.00%
Proportion of temporary employees	%	7.00%	11.00%	10.00%
Proportion of men	%	82.00%	80.00%	82.00%
Proportion of women	%	18.00%	20.00%	18.00%
Number of full-time equivalents	number	169.60	N/A	N/A
Reaching retirement age within 5 years	%	17.40%	19.00%	18.50%
Reaching retirement age within 10 years	%	24.20%	25.30%	27.40%

Biodiversity	Unit	2018	2017	2016
Number of critically endangered species affected by operations	number	1	N/A	N/A

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A



AGDER ENERGI NETT

Health and safety	Unit	2018	2017	2016
Lost time injuries per million work hours	H1	2.19	0	0
Injuries per million work hours	H2	3.03	0	0
Sickness absence	%	3.20%	3.60%	3.80%

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	266.39	351.30	1 981.60
Indirect emissions – Scope 2	tonnes of CO ₂ e	0.00	0.00	0.00
SF6 gas emissions (included in Scope 1)	kg	119.50	123.60	1 750.90

Electric power industry	Unit	2018	2017	2016
Number of customers	number	201 500	199 000	195 000
Network reliability	%	99.94%	99.98%	99.98%
Length of overhead power lines	km	13 746	13 766	13 556
Length of underground/underwater lines	km	8 193	8 010	7 792

Data protection	Unit	2018	2017	2016
Complaints about data protection breaches	number	0	N/A	N/A



AGDER ENERGI KRAFTFORVALTNING

Agder Energi Kraftforvaltning AS is responsible for managing and maximising the return on the electricity generated by the Group, on behalf of Agder Energi Vannkraft AS. It does this by trying to optimise scheduling and by managing market risks, taking into account hydrology, weather data and information about markets. The company is also responsible for the Group's trading portfolios.

Employees	Unit	2018	2017	2016
Total	number	60	53	49
Proportion of permanent employees	%	98.00%	98.00%	48.00%
Proportion of temporary employees	%	2.00%	2.00%	52.00%
Proportion of men	%	86.70%	89.00%	92.00%
Proportion of women	%	11.70%	11.00%	67.00%
Number of full-time equivalents	number	58.90	N/A	N/A
Reaching retirement age within 5 years	%	5.10%	1.90%	4.10%
Reaching retirement age within 10 years	%	5.10%	9.40%	10.20%

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Health and safety	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0.00	0.00	0.00
Recorded breaches of laws and regulations	number	0.00	0.00	0.00
Recorded breaches of laws and regulations	number	2.50%	4.80%	3.60%

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	210.46	45.30	34.70
Indirect emissions – Scope 2	tonnes of CO ₂ e	0.00	0.00	0.00



AGDER ENERGI VARME

Agder Energi Varme delivers both district heating and cooling to urban areas in Agder. District heating and cooling makes use of local energy sources and help to reduce greenhouse gas emissions. District heating is a flexible energy system that uses water to transport heat energy from one place to another. The company has been developing its district heating infrastructure for the past 20 years. This has made it possible for many buildings to replace their oil-fired boilers with environmentally friendly district heating. Now district heating is also replacing electric boilers,

freeing up electricity to be used for other purposes, such as charging electric cars. In Kristiansand city centre, the company offers district cooling based on cold sea water. This is climate-friendly and energy efficient, and doesn't use any environmentally harmful refrigerants. District cooling improves quality of life in the city centre by eliminating air-con units from roofs and back yards. These spaces can then become green roofs and green lungs. Moreover, it is important for Agder Energi Varme to supply the right energy, at the right time

and in the right way, so resources are used efficiently to promote a sustainable future.

Agder Energi Varme has introduced the concept of "Urban Energy", which is all about how the company uses and optimises local resources in areas with high energy consumption. This is a response to the fact that towns and cities are responsible for 70% of the world's CO₂ emissions, and urban solutions are needed to reduce their emissions and enable sustainable urban development. Urban Energy is forward-looking, green and flexible.

Employees	Unit	2018	2017	2016
Total	number	14	14	15
Proportion of permanent employees	%	100%	100%	100%
Proportion of temporary employees	%	0.00%	0.00%	0.00%
Proportion of men (of permanent employees – only 2018)	%	86.00%	86.00%	87.00%
Proportion of women (of permanent employees, in 2018)	%	14.00%	14.00%	13.00%
Number of full-time equivalents	number	13.60	N/A	N/A
Reaching retirement age within 5 years (%)	%	14.30%	14.30%	20.00%
Reaching retirement age in 6–10 years (%)	%	7.10%	7.10%	13.30%

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Health and safety	Unit	2018	2017	2016
Lost time injuries per million work hours	H1	0.00	0.00	34.70
Injuries per million work hours	H2	36.88	0.00	0.00
Sickness absence	%	0.40%	0.60%	1.80%

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	562.60	N/A	N/A
Indirect emissions – Scope 2	tonnes of CO ₂ e	0.00	N/A	N/A

AGDER ENERGI VARME

Electric power industry	Unit	2018	2017	2016
Net energy output	GWh	172.00	161.80	158.90
District heating production from waste heat	GWh	134.00	124.40	121.10
District heating production from biomass	GWh	28.00	24.90	21.00
District heating production from heating oil	GWh	2.00	1.90	2.10
Installed capacity	MW	133.00	N/A	N/A
Business customers	number	441	N/A	N/A
Retail customers	number	20	N/A	N/A
Allocation of CO ₂ quotas	number of quotas	2 021	N/A	N/A
Length of district heating network	km	65.00	64.00	61.00
Length of district cooling pipes	km	16.00	14.40	14.20



AGDER ENERGI

The parent company Agder Energi AS is responsible for the Group's administrative functions. The functions found at the group level include HR, finance, CSR, projects, purchasing and technology.

Employees	Unit	2018	2017	2016
Total	number	170	162	158
Proportion of permanent employees	%	94.00%	96.00%	97.00%
Proportion of temporary employees	%	6.00%	4.00%	3.00%
Proportion of men	%	55.00%	59.00%	58.00%
Proportion of women	%	38.00%	41.00%	42.00%
Number of full-time equivalents	number	152.90	N/A	N/A
Reaching retirement age within 5 years	%	11.90%	14.20%	15.20%
Reaching retirement age within 10 years	%	22.60%	16.00%	16.50%

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Health and safety	Unit	2018	2017	2016
Lost time injuries per million work hours	H1	0.00	0.00	0.00
Injuries per million work hours	H2	0.00	0.00	0.00
Sickness absence	%	3.90%	4.10%	3.50%

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	495.78	184.00	181.00
Indirect emissions – Scope 2	tonnes of CO ₂ e	0.00	0.00	0.00



LOS

LOS is one of leading suppliers of electricity to domestic customers all over Norway, but the bulk of its customers are located in southern Norway. As well as being an electricity retailer, LOS also wants to encourage its customers to make use of green and climate-friendly energy solutions that also make financial sense.

LOS is Eco-Lighthouse certified, it is a member of Climate Partners, and it offers a 100% renewable energy guarantee to its customers. LOS strives hard to offer its customers electricity that is as clean and competitively priced as possible. Through its partnership with Otovo, Norway's leading supplier of photovoltaic (PV) systems, customers can install solar panels on the roofs of their houses and garages. Households with solar panels can cover part of their electricity consumption with clean solar energy, and what they don't need they can sell back to LOS. This is an example of how LOS is working on solutions that

benefit customers, society and the company alike.

Electric car owners need the right kind of electricity contract, and LOS offers one aimed at this customer group. Together with Grønn Kontakt it offers LOS Ladestrøm – an electricity contract particularly suited to people with an electric car, regardless of its size or brand. Customers who choose this contract also get a discount at all of Grønn Kontakt's fast chargers in Norway.

LOS measures customer perceptions of its customer service. As well as its own inter-

nal surveys, each year LOS is compared with competing electricity retailers through the Norwegian Business School's Norwegian Customer Satisfaction Barometer in the spring, and through EPSI's customer service survey in the autumn. LOS has always been rated one of the top electricity retailers in terms of customer service and loyalty, and the 2018 Norwegian Customer Satisfaction Barometer named LOS as the company with the most loyal customers. The survey found that LOS has a close relationship to its customers, keeps them well informed, and provides a better overall service than most of its biggest competitors.

Employees	Unit	2018	2017	2016
Total	number	47	48	78
Proportion of permanent employees	%	100.00%	63.00%	N/A
Proportion of temporary employees	%	0.00%	37.00%	N/A
Proportion of men (permanent employees)	%	45.00%	44.00%	58.00%
Proportion of women	%	55.00%	56.00%	42.00%
Number of full-time equivalents	number	45.10	N/A	N/A
Reaching retirement age within 5 years	%	2.10%	4.00%	6.00%
Reaching retirement age within 10 years	%	8.50%	6.00%	8.00%

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Health and safety	Unit	2018	2017	2016
Lost time injuries per million work hours	H1	0.00	0.00	0.00
Injuries per million work hours	H2	0.00	0.00	0.00
Sickness absence	%	4.60%	4.80%	3.60%



LOS

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	14.28	42.21	10.93
Indirect emissions – Scope 2	tonnes of CO ₂ e	0.00	0.00	0.00

Electric power industry	Unit	2018	2017	2016
Number of customers	number	145 000	N/A	N/A

Data protection	Unit	2018	2017	2016
Complaints about data protection breaches	number	0	N/A	N/A



ENTElios

Entelios offers clean energy, cutting-edge expertise and technology that enables industrial companies, big and small businesses and public enterprises to lead the way in terms of climate-friendly energy solutions. Entelios specialises in managing and trading electricity in a market where energy from renewable sources such as hydro, wind and solar power are replacing fossil fuels. Entelios' core business is managing and trading renewable energy in the Nordic and European electricity markets on behalf of our customers. Entelios is also a big player in the market for guarantees of origin for producers of wind, hydroelectric and solar power.

Employees	Unit	2018
Total	number	115
Proportion of permanent employees	%	100.00%
Proportion of temporary employees	%	0.00%
Proportion of men (permanent employees)	%	67.83%
Proportion of women	%	32.17%
Number of full-time equivalents	number	108.30
Reaching retirement age within 5 years	%	2.10%
Reaching retirement age within 10 years	%	8.50%

Breaches of laws and regulations	Unit	2018
Recorded breaches of laws and regulations	number	0

Health and safety	Unit	2018
Lost time injuries per million work hours	H1	0.00
Injuries per million work hours	H2	0.00
Sickness absence	%	3.80%

Greenhouse gas emissions	Unit	2018
Direct emissions – Scope 1	tonnes of CO ₂ e	3.36
Indirect emissions – Scope 2	tonnes of CO ₂ e	0.00

Electric power industry	Unit	2018
Number of customers	number	12 400



MEVENTUS

Meventus is an international company with its head office in Kristiansand, and with separate subsidiaries in Denmark and Sweden. Meventus is a leading, independent supplier of wind power services and consultancy. Its product portfolio covers technical and commercial services for the whole life cycle of wind power projects, from screening and development through to construction and operation. Meventus employs highly-skilled staff with extensive experience of complex projects both in Norway and overseas.

Meventus focuses heavily on safety, the environment and sustainability by offering products and services that give top priority to the safety of all employees. It also strives to minimise the environmental footprint of its operations and to offer products and services that involve developing and using renewable resources.

Employees	Unit	2018	2017	2016
Total	number	5	6	N/A
Proportion of permanent employees	%	100.00%	83.33%	N/A
Proportion of temporary employees	%	0.00%	16.67%	N/A
Proportion of men	%	80.00%	83.33%	N/A
Proportion of women	%	20.00%	16.67%	N/A
Number of full-time equivalents	number	5	N/A	N/A
Reaching retirement age within 5 years	%	0.00%	0.00%	N/A
Reaching retirement age within 10 years	%	20.00%	16.67%	N/A

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Health and safety	Unit	2018	2017	2016
Lost time injuries per million work hours	H1	0.00	0.00	N/A
Injuries per million work hours	H2	0.00	0.00	N/A
Sickness absence	%	4.60%	4.00%	N/A

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	13.06	13.60	N/A
Indirect emissions – Scope 2	tonnes of CO ₂ e	0.00	0.00	N/A

Electric power industry	Unit	2018	2017	2016
Number of customers	number	80	N/A	N/A

Data protection	Unit	2018	2017	2016
Complaints about data protection breaches	number	0	N/A	N/A



OTERA AB

Otera AB, which is based in Sweden, plans, builds and operates electrical infrastructure for public and private transport projects. The company supplies complete electrical installations for roads, tunnels and railways. Otera is an important supplier to an industry that is vital to society, and its core business is inherently beneficial to society. It is therefore second nature to Otera to take care of the society it is helping to build. The company's priorities include environmental awareness, technology, health and safety. It also creates jobs that generate profits and significant indirect economic impacts, as well as maintaining high ethical standards.

Employees	Unit	2018	2017	2016
Total	number	141	143	117
Proportion of permanent employees	%	96.00%	97.00%	99.00%
Proportion of temporary employees	%	4.00%	3.00%	1.00%
Proportion of men	%	93.00%	94.00%	93.00%
Proportion of women	%	7.00%	7.00%	7.00%
Number of full-time equivalents	number	N/A	N/A	N/A
Reaching retirement age within 5 years	%	8.00%	7.00%	8.00%
Reaching retirement age within 10 years	%	13.00%	7.00%	9.00%

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	N/A	N/A	N/A

Health and safety	Unit	2018	2017	2016
Lost time injuries per million work hours	H1	3.70	2.30	0.84
Injuries per million work hours	H2	41.00	N/A	N/A
Sickness absence	%	4.70%	2.70%	2.20%

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	359.00	834.00	597.00
Indirect emissions – Scope 2	tonnes of CO ₂ e	63.72	N/A	N/A



LATGALES ENERGIKA

Latgales Energetika generates hydroelectric power in Latvia. In the same way as our operations in Norway, it is subject to minimum flow requirements to preserve recreation areas and protect fish stocks in dammed rivers. Water quality and ecosystems in its reservoirs and rivers are continuously monitored to ensure that its hydroelectric power stations aren't having any negative environmental impacts.

As the company relies on relatively old artificial reservoirs, it is not required to install salmon ladders, but other measures have been taken to preserve biodiversity.

There are rules on the minimum flow needed to preserve recreation areas and to protect fish stocks in dammed rivers,

but there were no recorded breaches of these rules in 2018. Reservoir levels are strictly regulated and are monitored by the company's automatic dam gate control system. The aim is to keep the water level constant without affecting the ability of fish to migrate. In order to protect river systems and the quality of life of the spe-

cies they are home to, the authorities measure water level once a year.

The company is also constantly maintaining its dams to ensure that residents can use surrounding areas for fishing, bathing, kayaking, etc.

Employees	Unit	2018	2017	2016
Total	number	6	6	6
Proportion of permanent employees	%	83.33%	N/A	N/A
Proportion of temporary employees	%	16.67%	N/A	N/A
Proportion of men (of permanent employees – only 2018)	%	66.67%	66.67%	66.67%
Proportion of women (of permanent employees – only 2018)	%	33.33%	33.33%	33.33%
Number of full-time equivalents	number	N/A	N/A	N/A
Reaching retirement age within 5 years (%)	%	16.66%	33.00%	33.00%
Reaching retirement age in 6–10 years (%)	%	16.66%	67.00%	67.00%

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	6.96	13.00	12.80
Indirect emissions – Scope 2	tonnes of CO ₂ e	4.83	7.20	6.30
Indirect emissions – Scope 3	tonnes of CO ₂ e	0.53	N/A	N/A

Electric power industry	Unit	2018	2017	2016
Net energy output	GWh	2.65	5.90	2.50
Number of power stations	number	3	3	3



UAB BAL TIC HYDROENERGY

Baltic Hydroenergy generates hydroelectric power in Lithuania. In the same way as our operations in Norway, it is subject to minimum flow requirements to preserve recreation areas and protect fish stocks in dammed rivers. Water quality and ecosystems in its reservoirs and rivers are continuously monitored to ensure that its hydroelectric power stations aren't having any negative environmental impacts.

As the company relies on relatively old artificial reservoirs, it is not required to install salmon ladders, but other measures have been taken to preserve biodiversity.

Employees	Unit	2018	2017	2016
Total	number	9	9	9
Proportion of permanent employees	%	88.89%	N/A	N/A
Proportion of temporary employees	%	11.11%	N/A	N/A
Proportion of men (of permanent employees – only 2018)	%	77.78%	77.78%	66.67%
Proportion of women (of permanent employees – only 2018)	%	22.22%	22.22%	33.33%
Number of full-time equivalents	number	N/A	N/A	N/A
Reaching retirement age within 5 years (%)	%	11.00%	11.00%	11.00%
Reaching retirement age in 6–10 years (%)	%	11.00%	22.00%	22.00%

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	N/A	N/A

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	8.70	33.65	32.71
Indirect emissions – Scope 2	tonnes of CO ₂ e	9.29	22.79	22.26
Indirect emissions – Scope 3	tonnes of CO ₂ e	1.58	N/A	N/A

Electric power industry	Unit	2018	2017	2016
Net energy output	GWh	5.09	11.50	8.60
Number of power stations	number	5	5	5



AGDER ENERGI EIENDOM

Agder Energi Eiendom is a company that owns and operates Agder Energi's offices. The company has no employees.

Employees	Unit	2018	2017	2016
Total	number	0	0	0

Breaches of laws and regulations	Unit	2018	2017	2016
Recorded breaches of laws and regulations	number	0	0	0

Greenhouse gas emissions	Unit	2018	2017	2016
Direct emissions – Scope 1	tonnes of CO ₂ e	0.00	N/A	N/A
Indirect emissions – Scope 2	tonnes of CO ₂ e	6.20	N/A	N/A

Energy consumption	Unit	2018	2017	2016
Electricity consumption	kWh	2 450 525	4 250 000	5 320 000
Electricity consumption with guarantees of origin	kWh	2 450 525	4 250 000	5 320 000
Energy consumption from district heating or cooling	kWh	1 142 360	N/A	N/A

Kraftsenteret (Kristiansand)	Unit	2018	2017	2016
Electricity consumption	kWh	1 884 291	2 310 000	3 060 000
Electricity generation from solar panels	kWh	30 000	40 000	40 000
District heating consumption	kWh	585 140	590 000	670 000
District cooling consumption	kWh	149 250	500 000	590 000
Office space leased out	m ²	14 298	14 387	14 020
Gross floor space used by companies in the Agder Energi Group	m ²	11 957	12 152	11 124
Energy consumption per m ²	kWh/m ²	105.00	95.70	111.60

Stoa (Arendal)	Unit	2018	2017	2016
Electricity consumption	kWh	566 234	820 000	960 000
District heating consumption	kWh	407 970	N/A	N/A
Energy consumption per m ²	kWh/m ²	98.60	129.70	130.18



GRI REPORTING AT AGDER ENERGI

Our sustainability report covers the following companies:

- Agder Energi AS
- Agder Energi Vannkraft AS
- Agder Energi Kraftforvaltning AS
- Agder Energi Nett AS
- Agder Energi Varme AS
- Agder Energi Eiendom AS
- LOS AS
- Meventus AS
- Entelios AS
- Otera AB
- UAB Baltic Hydroenergy
- Latgales Energetika

These companies cover the vast majority of the Group's operations. Based on a cost/benefit analysis, smaller companies have been excluded, but the Group does not believe that this significantly distorts the overall picture of the Group's impact on society and the environment.

Agder Energi Venture is included in Agder Energi's annual report, and an annual assessment is made as to whether it makes sense and is relevant to include the venture businesses in the sustainability report.



DATA QUALITY

Every effort has been made to ensure accuracy in the collection of data for the report and its presentation. In so far as underlying data has been interpreted, the aim has been to give as accurate and relevant a picture as possible of the situation in question. The environmental data on which the report is based include data from direct measurements, self-declared aggregate figures for the Group's companies and subcontractors, calculated averages and a few estimates. Estimated data are indicated as such, and estimates are based on the best available information. The level of precision of the data is therefore variable.

The Group has chosen to report its greenhouse gas emissions in accordance with the global Greenhouse Gas (GHG) Protocol developed by World Resource Institute and adopted in 2015. This standard establishes five principles for GHG accounting and reporting: relevance, completeness, consistency, transparency and accuracy. Find out more at: <http://www.ghgprotocol.org/>

The GHG Protocol distinguishes between direct and indirect emissions. Direct emissions are those from sources owned or controlled by the reporting entity. Indirect emissions are those that are beyond the entity's control, but that are a consequence of the entity's activities. Indirect emissions are also split into two categories, with the first one being mandatory to report, whereas the second one is optional.

The GHG Protocol splits emissions into three scopes:

- Scope 1: Direct emissions. Data within this scope are mainly obtained directly from suppliers.
- Scope 2: Indirect emissions from purchases of electricity, heating, cooling, etc. Data within this scope are mainly obtained directly from invoices for energy consumption.
- Scope 3: Other indirect emissions. Agder Energi has chosen to report on what it considers to be the main sources of emissions. The relevant data are obtained from its own sources and suppliers.

Some changes have been made to the methodology used to calculate greenhouse gas emissions. Historical data have therefore not been presented, as they would not be directly comparable.

When using guarantees of origin, the GHG protocol requires the company to report CO₂e emissions from its electricity consumption using a market-based system (which deducts electricity with guarantees of origin from Scope 2 emissions), but it must also set out what the CO₂e emissions would have been using the national electricity mix. For the reporting entities, it was calculated that the emissions from electricity consumption would have been 88.256 tonnes CO₂e using the national electricity mix.

The Group considers that this complies with the GRI Standards, Core. These principles help to ensure that the report contains reliable information that is assumed to be relevant to stakeholders.

The report has not been externally verified to check that the figures collected meet the GRI Standards.

The GRI index only relates to the items which the Group has chosen to report. Reference is only made to disclosure items in the General Standard Disclosures and Specific Standard Disclosures that are actually used in the report. Full details of all of the Disclosure Items can be found on the website of the Global Reporting Initiative at <https://www.globalreporting.org>.

The contact point for enquiries regarding the report is our CSR Director Unni Farestveit: Unni.Farestveit@ae.no.

CHANGES IN RELATION TO THE 2017 REPORT

ORGANISATIONAL CHANGES

The 2018 report is different from the 2017 report as the Group has restructured some of its operations, as well selling individual companies that were covered by last year's sustainability report. The Group has consolidated several companies under the Entelios brand, while Otera Infra AS has been sold. Agder Energi now owns 49% of the company.

As such, the aggregated figures for previous years are not directly comparable with the ones for 2018. Our assessment is that this has no significant impact on the aggregated data.

As some of the data collected refer to new indicators, there are no historical data for them. There are also indicators where the historical data are not comparable on account of changes to the requirements set by the reporting standard in relation to previous years. Where this applies, the Group has attempted to make it clear.

Our assessment is that these changes have no significant impact on an overall assessment of the report.

UPDATES TO DATA REPORTED IN PREVIOUS YEARS

Some changes have been made to previously reported data. These changes mainly relate to errors discovered when collecting data for 2018, and adjustments to previously reported figures. Where the Group considers them to be insignificant to the overall picture for the Group or the individual company, no further comment is made. The most important changes that are not

clarified by the figures reported by each individual company are explained and highlighted.

In the company-specific reporting, in certain cases the company has no data to report. This is either because data is unavailable or because the disclosure item is irrelevant to the company. In both cases,

N/A for "Not available" has been entered to indicate that these data have not been reported. Due to changes to data reported for previous years, the underlying data have changed. This, as well as the effect of companies being added to or removed from the report from year to year, results in aggregated figures not always being directly comparable.



CONVERSION FACTORS FOR GREENHOUSE GAS EMISSIONS

Source	Conversion factor	Unit	Scope	Source
Emissions from cars 2015	85.00	g CO ₂ e/km	Scope 1	Norwegian Public Roads Administration Average CO ₂ emissions for new cars in 2015
Global Warming potential (GWP) SF6 gass	23 900.00	g CO ₂ e/g	Scope 1	DEFRA
Diesel	2 660.00	g CO ₂ e/liter	Scope 1	DEFRA
Concrete used for buildings	131.81	g CO ₂ e/kg	Scope 3	DEFRA
Air travel. average emissions	214.00	g CO ₂ e/pkm	Scope 1	DEFRA
Asphalt emissions	39.21	g CO ₂ e/kg	Scope 3	DEFRA
Norwegian energy mix 2017	16.40	g CO ₂ e/kWh	Scope 2	2017 product declaration, NVE
Norwegian energy mix 2018	16.00	g CO ₂ e/kWh	Scope 2	2016 product declaration, NVE
Europeisk energy mix 2017	531.00	g CO ₂ e/kWh	Scope 2	2017 product declaration, NVE
Europeisk energy mix 2016	530.00	g CO ₂ e/kWh	Scope 2	2016 product declaration, NVE
District heat Kristiansand	10.60	g CO ₂ e/kWh	Scope 2	AE Varme
District heat Stoa	6.40	g CO ₂ e/kWh	Scope 2	AE Varme
District heat Kristiansand	0.00	g CO ₂ e/kWh	Scope 2	AE varme
Calculation concrete and asphalt m3 to kg				
Concrete	2 400.00	kg/m ³	Scope 3	
Asphalt	2 150.00	kg/m ³	Scope 3	



GRI INDEX

GENERAL DISCLOSURES

GRI	Explanation	GRI index	Sustainability report page number	Annual report page number	Partial reporting
Organisation					
102-1	Name of the organisation	Agder Energi AS		1	
102-2	Most important products and/or services			9	
102-3	Location of headquarters	Kristiansand			
102-4	Location of operations			8	
102-5	Ownership and legal form			9	
102-6	Markets served			8	
102-7	Scale of the organisation			8	
102-8	Total number of employees by type of role, type of contract and region, broken down by gender		6		Not by region, role, contract or gender
102-9	Supply chain		8		
102-10	Significant changes to the organisation during the reporting period, such as to its scale, structure or ownership		35		
102-11	Use of the precautionary principle or approach in the organisation		9		
102-12	Externally-developed economic, environmental and social initiatives, charters or principles which the organisation endorses		5		
102-13	Membership of industry associations or other confederations, and national/international lobbying activities		7		
Strategy					
102-14	Statement from CEO			13	
Ethics and integrity					
102-16	The organisation's values, principles, standards, and norms of behaviour		5	10, 119	
102-17	Channels for reporting potential breaches of the ethical guidelines		10		
Governance					
102-18	The organisation's governance structure, including the highest governance body and committees responsible for decisions about economic, environmental and social topics			7	
102-20	Executive-level responsibility for economic, environmental, and social topics			6	
102-22	Composition of the Board and committees			16, 31	
102-23	Chair of the Board			31	



GRI-INDEKS

GENERAL DISCLOSURES

GRI	Explanation	GRI index	Sustainability report page number	Annual report page number	Partial reporting
Stakeholder engagement					
102-40	Stakeholder groups the organisation communicates with		6		
102-41	Percentage of employees covered by collective bargaining agreements	64%			
102-42	Description of how the organisation identifies and selects stakeholders		6		
102-43	Approach to stakeholder engagement, including frequency of dialogue		6		
Reporting practice					
102-45	List of all entities included in the organisation's annual report and annual financial statements		33		
102-46	Description of the process for defining report content and topic boundaries, as well as for implementing the reporting principles		33		
102-47	List of topics identified as being material		4	121	
102-48	Restatements of information from previous reports		35		
102-49	Significant changes since previous report, including to scope, boundaries or measurement methods applied		35		
102-50	Reporting period	01/01/2018–31/12/2018			
102-51	Publication date of previous report	7 April 2017			
102-52	Reporting frequency	Annual			
102-53	Contact point for questions regarding the report and its contents	Unni Farestveit			
102-54	Reporting level	Core			
102-55	GRI index		37		
102-56	Practice for external assurance of reporting	None			

GRI-INDEX

TOPIC-SPECIFIC DISCLOSURES

Indicator	GRI	Description	Sustainability report page number	Annual report page number	Partial reporting
Anti-corruption					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	9	121	
	103-2	Description of the management approach for material topics	9	121	
	103-3	Evaluation of the management approach	9	121	
Communication and training	205-2	Communication and training about anti-corruption policies and procedures	9	121	
Confirmed incidents of corruption	205-3	Total number of incidents of corruption and description of any court cases	9	121	
Biodiversity					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	9	121	
	103-2	Description of the management approach for material topics	9	121	
	103-3	Evaluation of the management approach	9	121	
IUCN Red List species and national conservation list species with habitats in areas affected by operations	304-4	Total number of IUCN Red List species by level of threat (critically endangered, endangered, vulnerable, near threatened, low concern)	9		
Breaches of laws and regulations					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	10	121	
	103-2	Description of the management approach for material topics	10	121	
	103-3	Evaluation of the management approach	10	121	
Socioeconomic compliance	419-1	Non-compliance with laws in the socioeconomic area	10	121	
Environmental compliance	307-1	Non-compliance with environmental laws and regulations	10	121	

GRI-INDEX

TOPIC-SPECIFIC DISCLOSURES

Indicator	GRI	Description	Sustainability report page number	Annual report page number	Partial reporting
Health and safety					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	10	121	
	103-2	Description of the management approach for material topics	10	121	
	103-3	Evaluation of the management approach	10	121	
Work-related injuries	403-9	Information about deaths, injuries, or hazards that represent a risk and measures to eliminate them	10	121	
Greenhouse gas emissions					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	11	121-122	
	103-2	Description of the management approach for material topics	11	121-122	
	103-3	Evaluation of the management approach	11	121-122	
Direct and indirect GHG emissions and GHG emissions intensity	305-1	Reported in tonnes of CO ₂ e	11	117	

GRI-INDEX

TOPIC-SPECIFIC DISCLOSURES

Indicator	GRI	Description	Sustainability report page number	Annual report page number	Partial reporting
Third party health and safety					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	13	122	
	103-2	Description of the management approach for material topics	13	122	
	103-3	Evaluation of the management approach	13	122	
Incidents of non-compliance concerning the health and safety impacts of products and services	416-2	Incidents of non-compliance with regulations resulting in a fine or penalty, warnings or voluntary guidelines	13	122	
Economic performance (direct)					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	14	122	
	103-2	Description of the management approach for material topics	14	122	
	103-3	Evaluation of the management approach	14	122	
Economic value created and distributed	201-1	Direct economic value generated and distributed on a regular basis	14	124	

GRI-INDEX

TOPIC-SPECIFIC DISCLOSURES

Indicator	GRI	Description	Sustainability report page number	Annual report page number	Partial reporting
Economic performance (indirect)					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	15	122	
	103-2	Description of the management approach for material topics	15	122	
	103-3	Evaluation of the management approach	15	122	
Significant indirect economic impacts	203-3	Examples of significant identified indirect economic impacts and the significance of these indirect impacts in the context of external benchmarks and stakeholder priorities.	15	122	
Staff training					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	12	122	
	103-2	Description of the management approach for material topics	12	122	
	103-3	Evaluation of the management approach	12	122	
Percentage of employees receiving regular performance and career development reviews	404-3	Percentage of employees who received a regular performance and career development review, by gender and by employee category	12	122	
Data protection					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	12	122	
	103-2	Description of the management approach for material topics	12	122	
	103-3	Evaluation of the management approach	12	122	
Complaints concerning breaches of customer privacy and losses of customer data	418-1	Total number of substantiated complaints received concerning breaches of customer privacy, categorised by complaints received from outside parties and by total number of identified thefts or losses of customer data	12	122	



GRI-INDEKS

TOPIC-SPECIFIC DISCLOSURES

Indicator	GRI	Description	Sustainability report page number	Annual report page number	Partial reporting
Specific areas for the electric power industry					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	13	122	
	103-2	Description of the management approach for material topics	13	122	
	103-3	Evaluation of the management approach	13	122	
Electric power industry	EU-2	Net energy output	13	117	
Electric power industry	EU-3	Number of customers	16		
Electric power industry	EU-4	Length of power lines	16		
Electric power industry	EU-15	Percentage of employees eligible to retire in the next 5 and 10 years	15		
Electric power industry	EU-28	Power outage frequency		116	
Activities affecting the local community					
Management approach	103-1	Explanation and thresholds/ boundaries of material topics	14	122	
	103-2	Description of the management approach for material topics	14	122	
	103-3	Evaluation of the management approach	14	122	
Activities with the local community, impact assessments and development programmes	413-1	Percentage of activities by group and stakeholders	14	122	

Agder Energi

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