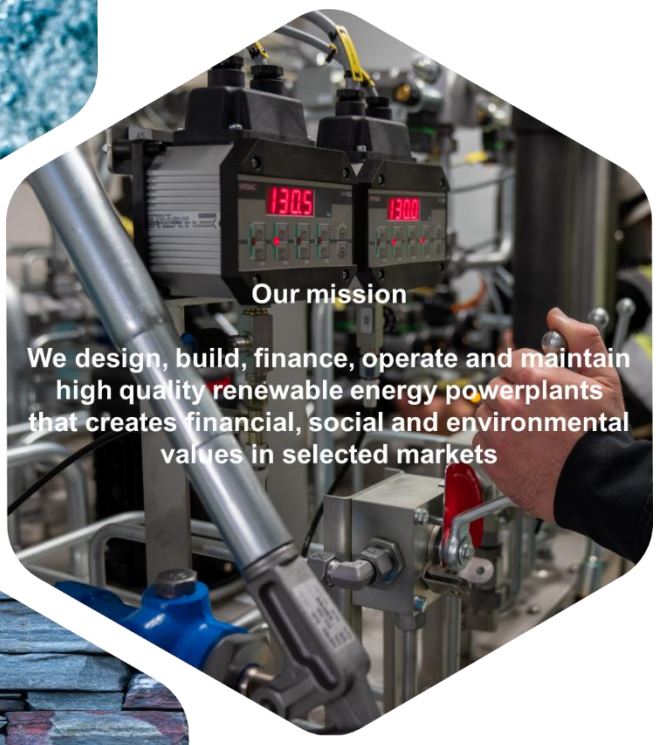
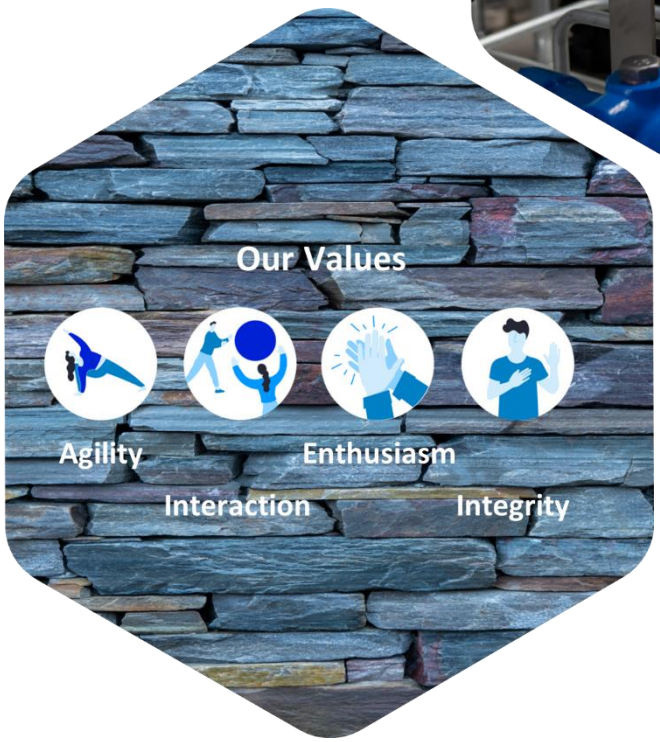
TINFOS

SUSTAINABILITY REPORT

2021


Our vision
We accelerate the global transition towards a clean energy future


Our mission
We design, build, finance, operate and maintain high quality renewable energy powerplants that creates financial, social and environmental values in selected markets


Our Values
Agility
Enthusiasm
Interaction
Integrity

Tinfos' CEO on sustainability

Sustainable development was defined in the World Commission on Environment and Development's 1987 Brundtland report ´Our Common Future` as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. It seeks to reconcile economic development with the protection of social and environmental balance. In 2012 the Sustainability Development Goals were established by the UN.

As producers of Norwegian hydropower, Tinfos believed for a long time, like so many others in our industry, that we by definition were a sustainable company only on the part of the fact that we produce and supply renewable energy to people and society.

The renewable energy from hydropower replaces the need for non-renewable and less sustainable energy sources. It provides significant environmental and climate benefits, but we recognize that this alone does not necessarily mean that establishment of renewable energy production is sustainable.

Increased recognition of global climate- and environmental challenges and enhanced focus on social and governance issues for businesses and industry has contributed to a common view across a diversity of important stakeholders to Tinfos such as banks, investors, NGOs and government that sustainability needs to be looked at in a broader perspective.

Tinfos has assessed our ESG status since 2017, slowly but gradually gaining new ground, but 2021 was the year when Tinfos initiated a systematic approach to the subject of sustainability, both strategically and by allocating dedicated resources to sustainability-related activities.

Our ambition is to make sustainable hydropower profitable for our customers and stakeholders, and in all activities and processes, we act with integrity and responsibility, with established ethical principles as a guideline.

We work closely with our partners and stakeholders to ensure that the follow-up and reporting of important sustainability parameters is carried out in accordance with our customers' expectations.

At Tinfos we are convinced that the active participation of business and industry is crucial for the world to succeed in achieving UN's sustainability goals. That is why we during 2021 formalized our commitments through our membership in the world's largest corporate sustainability initiative – the UN Global Compact. We have thus committed ourselves to submit annual sustainability reports, making our work on sustainability and ESG transparent and accessible to our stakeholders and to the public in the future.

We are proud to present our achievements in our first report on sustainability, and we have taken our first steps towards an integrated and systematic approach to document ESG and hydropower sustainability in Tinfos. By gaining new knowledge as we go, we aim towards more specific sustainability objectives and reports in the years to come.

Øyvind Frydenberg
CEO, Tinfos AS

Our climate commitment

We are always committed to our main task of building and operating hydropower facilities that produce renewable energy contributing to a cleaner energy future.

However, we are only in the early stages of investigating the climate impact from our construction activities during project realisation. Tinfos will therefore dedicate financial and human resources over the next year to establish effective tools and methodology suitable for monitoring sources of GHG emissions generated directly by our project activities.

This collection of data will enable us to establish more specific climate commitments in the years to come.

Baseline year: 2021 – Target year: 2023

Tinfos, Notodden, Norway

This sustainability report has been prepared in accordance with the Nordic Sustainability Reporting Standard – NSRS Level 1. All rights reserved. Read more at www.nsrs.eu.

In addition, we have included the information required for Communication on Progress (COP) report which is our annual disclosure to our stakeholders on progress made in implementing the ten principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption, and in supporting broader UN development goals.

Comments to this report?

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ABOUT THIS REPORT

Report period: ***Calendar year 2021***

This report is the first sustainability report for Tinfos, and we hope that our transparent reporting to our stakeholders provides useful information about our sustainability effort and impact.

Tinfos AS is a medium-sized Norwegian company with 28 employees as pr. 31.12.2021. In addition, Tinfos owns the company PT Tinfos Hydropower Solutions in Indonesia, which employs 5 persons as pr. 31.12.2021. This report collects and reports data relevant for our main office in Notodden, our branch offices in Rosendal and Lysaker, Norway and from our office in Jakarta, Indonesia.

We have leaned on the newly released supportive documents of the Nordic Sustainability Reporting Standard (NSRS), and the NSRS Implementation Manual for Level 1 reporting, when making this report.

In addition, we have utilized the results from our stakeholder identification process and Material Assessment conducted by independent third-party consultant – Multiconsult Norge AS.

Finally, we have included the information required for Communication on Progress (COP) report which is our annual disclosure to our stakeholders on progress made in implementing the ten principles of the UN Global Compact in our company in the areas of human rights, labour, environment and anti-corruption, and in supporting broader UN development goals.

Sustainability and ESG is important to us, and our main economic activities are related to construction and operation of new hydropower facilities, as well as to production of renewable electric power. This means that our field of business contributes directly to climate change mitigation, and several of our stakeholders expect us to report on sustainability parameters.

As this is our first sustainability report, we have tried to be realistic in our ambitions to collect and disclose ESG and sustainability data including specific sustainability targets. We are still in the process of making a baseline for our climate impact, but at the same time we have within the space of 2021 established brand new ESG objectives, sustainability procedures, policies and management systems. We have also initiated monitoring and collection material key parameters from our hydropower plant construction projects.

Our power plants in Notodden and our head office are centrally located by the Tinnelva river in Notodden, in Tinfos' cultural environment. Ever since Tinfos was established in 1894, we have stayed in the area – and left our mark on it. Now, modern business and lifestyle are combined with culture and tradition. The area is an important part of UNESCO's Rjukan – Notodden World Heritage Site. For 2021 we do not report on Cultural Heritage and how we work with stakeholders and community to help preserve the heritage, but Tinfos will prepare cultural heritage reporting in our next report for 2022.

The Covid 19 pandemic made its mark on 2021. Much of the collected data, particularly related to GHG emissions originating from travels this year, is expected to be unusually low as several travels in general, and international aircraft travels in particular, was postponed or cancelled.

We recommend reading Tinfos Annual Report 2021 (Financial) and our Health, Safety and Environment Annual Report 2021 in addition to this sustainability report to establish a complete picture of our sustainability status and ESG progress. All reports are available online on our webpages.

WHO WE ARE

Company name:	Tinfos
Organisational form:	AS
Organisational number:	916 763 476

Number of employees:

Tinfos AS, Norway:	PT THS, Indonesia:
28	5

NACE Code

Activities classified after NACE macro-sector codes

D35.1.1 – Production of electricity
D35.1.4 – Trade of electricity
F42.2.2 – Construction of utility projects for electricity

Figure 1 - Who we are

What we do

Tinfos is a technology company that develops, builds, sells, and operates hydropower plants. We also produce and trade renewable energy from our own hydropower facilities.

The company's vision has been adopted by the Board of Directors:

We accelerate the global transition towards a clean energy future

The company's mission is to design, build, finance, operate and maintain high-quality hydropower plants that create economic, social and environmental values in the markets we operate.

Our key suppliers

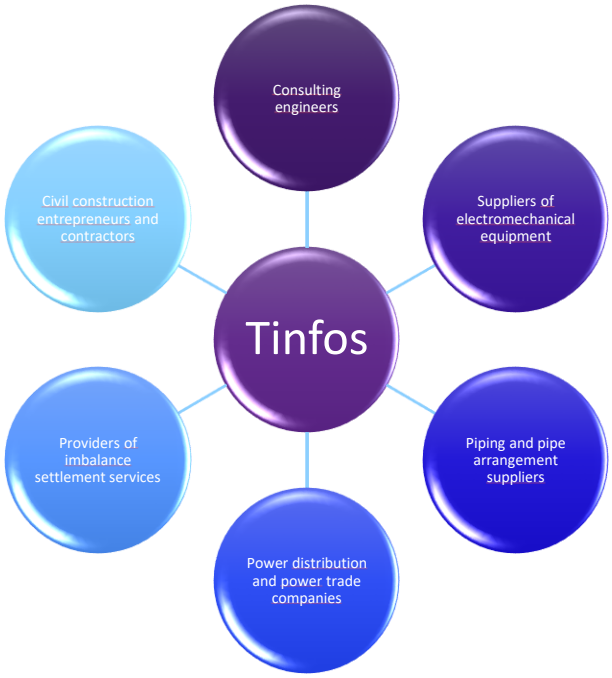


Figure 2 - Our key suppliers

Our key stakeholders

In cooperation with a third-party independent consulting company – Multiconsult AS - we have made a stakeholder assessment for Tinfos. Stakeholders have been identified for all segments of the value chain.

Our key stakeholders are:

Figure 3 - Our stakeholders

Our stakeholders are crucial to our company and business in many ways. From different perspectives they provide us with feedback and advice. They define Tinfos and our activities in the market and community as they interact with our business on a wide range of multiple areas and topics.

Some stakeholders provide the very framework of sustainability requirements that we are committed to uphold. Others represent access to markets and business opportunities. Our actions reflect back on us from stakeholders impacted by our activities. Their feedback is important to us as they continuously provide us with new knowledge and experience.

How we communicate and interact with our stakeholders is of essence to us. We aim to reflect our own enthusiasm in what we do, our desire to succeed at our business and our sincere commitment to sustainability and social responsibility.

Our refurbished webpages represent a new platform for Tinfos to reach out to our stakeholders by making relevant reports, objectives an governing documents transparent and available to our stakeholders and to the public.

HOW WE OPERATE

Our core values

Our ambition is to make sustainable hydropower profitable for our customers and stakeholders. We always aim to deliver the best technology suited for each specific task supported by our market knowledge and business understanding.

Our core values are ***agility***, ***interaction***, ***enthusiasm*** and ***integrity***.

Our Corporate Governance Policy is available to our stakeholder and to the public on our webpages.

Management structure

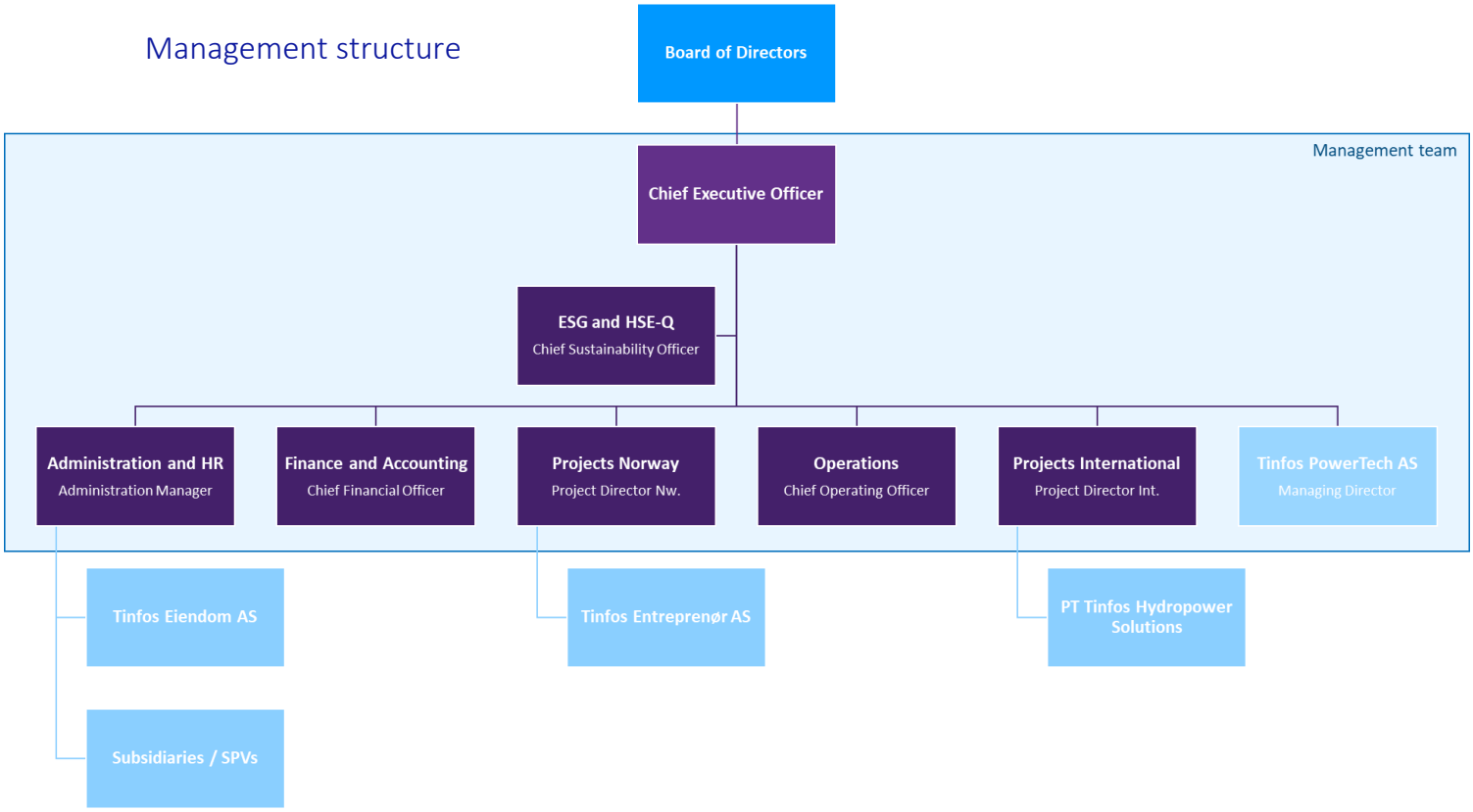
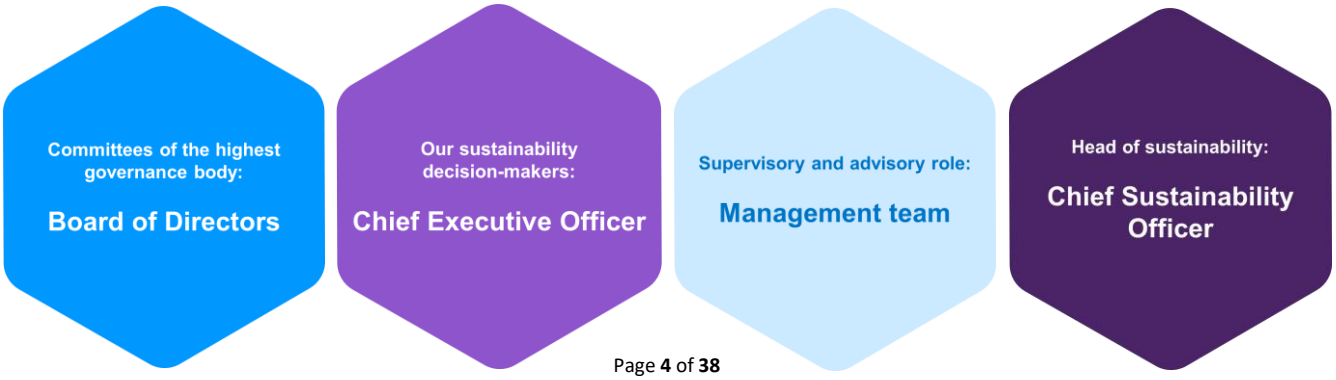


Figure 4 - Tinfos organization 31.12.2021

How we govern sustainability



Corporate governance and business integrity

Our Corporate Governance Policy is disclosed to our stakeholders on our webpages. Together with our Code of Conduct the governance policy establishes a clear and transparent framework on how Tinfos maintain business integrity.

The Norwegian Corporate Governance Board (NUES) has published the "Norwegian Code of Practice for Corporate Governance", which provides principles and guidelines that help clarify the responsibilities and authority of larger companies. In essence, these companies are listed on regulated markets in Norway. The purpose of the Code of Practice is for such companies to have corporate governance that clarifies the division of roles between shareholders, the board of directors and daily management beyond what follows from the legislation.

Tinfos is not listed on regulated markets. Nevertheless, several of the recommendations suit Tinfos and the company's corporate form and ownership. Therefore, the Board of Directors of Tinfos has chosen to follow suitable recommendations by including them in the company's corporate governance policy.

The *Corporate governance policy* for Tinfos is made available on the Tinfos website.

Integrated reporting

Tinfos includes non-financial disclosures in our financial report that is also relevant for the sustainability report as shown below. We have identified some areas with a potential for further improvement that may broaden non-financial disclosures in our financial reporting.

Integrated disclosures	Potential improvement	Units
Energy Production from Tinfos hydropower assets		GWh
Energy Production from Tinfos SPVs		GWh
Energy consumption by Tinfos properties and assets		GWh
Number of employees		number
Employee gender representation		%
Employee leave rate		%
Non-Conformance reporting		number
Accidents and injuries		number
Water reservoir capacity rate		%
Electric power pricing rate		EUR/MWh
Currency exchange rate		EUR/NOK
	Fuel consumption	liters
	Staff transportation	km
	Waste generation	tonnes

Table 1 - Integrated reporting

Circular business model

Tinfos contributes to a circular business model by producing electric renewable energy from hydropower plants supplied to the open power marked.

ECONOMIC PERFORMANCE

Our economic and financial performance can be reviewed on our webpages: Annual Report 2021

OUR CLIMATE IMPACT

Our vision is to accelerate the global transition towards a clean energy future. That means steering our efforts towards the areas where we can contribute the most – that is, where our climate impact is greatest. For Tinfos this means following our mission; to design, build, finance, operate and maintain high quality renewable energy powerplants producing electric power from clean and sustainable hydropower, replacing non-renewable and less sustainable energy sources.

We recognize that our activities when building and operating hydropower plants represent sources of climate gas emissions. Therefore, it is important for us to monitor and analyze data retrieved directly from the construction projects and operational activities.
Up till 2021, no monitoring of input materials, waste generation, energy consumption or GHG emissions was made in our projects. However, in close cooperation with our client and our key suppliers, we started monitoring relevant data in our first hydropower construction project, the Flateland power station in Norway, which initiated the construction phase in October 2021.

Photo: *Eirik Noer Smestad, Flateland Project*

Data is being collected, and the impact data presented in this report is a result of the above-mentioned established processes. We are however still just in the early stage of making a baseline for our climate impact.

We want to use the data to make climate impact assessments, identify and make qualified priorities of relevant actions and if applicable; create more specific climate targets for future project activities and operations.

Material input

According to the report "*Global Resources Outlook 2019*", prepared by the UN International Resource Panel the extraction and processing of materials, fuels and food contribute half of total global greenhouse gas emissions.

At Tinfos we have developed our improvement targets as initial activities first to investigate our climate footprint caused by products we buy when we build and operate powerplants, and secondly to investigate whether there exists a potential of selecting other products to reduce the climate footprint from our material input.

The data retrieved from monitoring material is still too scarce to establish relevant specific targets for material input.

Input material to Tinfos activities

The input material consumption in 2021 was for Tinfos nearly negligible, due to the fact that there was almost no hydropower plant construction ongoing except for tunneling activities in addition to regular electricity production. The table below shows an overview of input materials we have identified as input factors that we will monitor continuously, and for which we have established supplier reporting processes which will result in more in-data as the projects progresses.

HPP CONSTRUCTION PROJECTS ***Material description***	**Input** [tons]	**Renewable** [tons]	**Non-renewable** [tons]	*Source*
Concrete/Cement	5,8		5,8	ESG report 12 2021, Flateland SHP
Explosives				
Steel el/mech components				
Rebar				
Wood				
GRP pipe				
Steel pipe				
SubTotal:	**5,8**	**0**	**5,8**	

OPERATION & MAINTENANCE ***Material description***	**Input** [tons]	**Renewable** [tons]	**Non-renewable** [tons]	*Source*
Mobilgrease XHP 222	0,3		0,3	*Supplier invoices*
SubTotal:	**0,3**	**0**	**0,3**	

Tinfos AS ***Material description***	**Input** [tons]	**Renewable** [tons]	**Non-renewable** [tons]
Total input material flow:	**6,1**	**0**	**6,1**

Table 2 - Input material 2021

*Office/administrative-related materials is not monitored as they are not material to Tinfos main activities.

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2024

Material input	Not started	Ongoing	Achieved
Identify and monitor key-input material flow in construction projects			○
Identify material product scope 3 climate footprint		○	
Establish requirements for material input in RFQs and supplier contracts		○	
Identify and monitor key-input material flow for production of electricity + O&M		○	
Identify lower emissions options if applicable	○		
Set specific targets for reducing climate footprint from input material	○		

Table 3 - Improvement Targets, Material Input

Method used to retrieve input material data

Input material data for *hydropower plant construction projects* is reported regularly, usually each month, by main construction entrepreneurs to the Tinfos project manager. The data is retrieved and systematized in a monthly aggregated ESG report to the client.
Input material data for *hydropower plant operation & maintenance* is reported by the plant manager at Tinfos powerplants I and II, owned by Tinfos, and is retrieved and systematized by CSO at Tinfos.

Uncertainties about the input material data quality

Even if processes and procedures have been established for construction projects, key entrepreneurs may fail to register weight of input materials or may be forced to make estimated values for some data. Even though this represents an uncertainty related to the data collection, Tinfos will over time get the overview needed to identify key input materials to set more specific targets for reducing climate footprint from input material.

Tinfos is still in the starting phase of establishing routines for collecting relevant input material data related to operation and maintenance and renewable electricity production. It is an objective to establish more effective and clear processes covering this topic during 2022, following an assessment to identify relevant purchased goods to monitor.

Waste generated by our activities

In our projects, main entrepreneurs and suppliers handle waste according to specific waste management plans as an element in their HSE-plan for the project. Tinfos establishes project specific procedures for the entrepreneur listing requirements for monitoring and reporting defined ESG-parameters during the project construction phase. This includes waste in multiple categories as listed in the tables below.

Data for operational activities related to power production and operation/maintenance has been collected from financial filings.

We started monitoring waste in 2021, and the data retrieved is still too scarce to establish relevant specific targets for waste reduction.

	Waste by composition, metric tons (t)				
	HPP CONSTRUCTION PROJECT		OPERATION AND MAINTENANCE		Tinfos AS
Construction waste categories *Reference: SSB statistics*	**Waste directed to disposal**	**Waste diverted from disposal**	**Waste directed to disposal**	**Waste diverted from disposal**	**Total waste generated**
Bricks and concrete					**0**
Polluted bricks and concrete					**0**
Asphalt					**0**
Wood waste			3,46		**3,46**
Metals			12,65		**12,65**
Gypsym					**0**
Mixed waste	0,28		1,44		**1,72**
Paper and cardboard	0,19				**0,19**
Plastics	0,07				**0,07**
Glass					**0**
EE-waste					-
Other Waste			3,8		**3,8**
SUBTOTAL:	**0,54**	**0**	**21,35**	**0**	**21,89**

	Waste by composition, metric tons (t)				
	HPP CONSTRUCTION PROJECT		OPERATION AND MAINTENANCE		Tinfos AS
Hazardous waste categories *Reference: NS 9431*	**Waste directed to disposal**	**Waste diverted from disposal**	**Waste directed to disposal**	**Waste diverted from disposal**	**Total waste generated**
Waste oil			6,276		**6,276**
Fossile fuel					**0**
Paint and solvents					**0**
Waste containing heavy metals					**0**
Poison and Petisides					**0**
Cleaners and bases/acids					**0**
Reactive waste					**0**
Gas and pressurized containers					**0**
Organic waste					**0**
Other hazardous waste			0,389		**0,389**
Explosive waste					**0**
Radioactive waste					**0**
Contagious waste					**0**
SUBTOTAL:	**0**	**0**	**6,665**	**0**	**6,665**

TOTAL waste generated:	**0,54**	**0,00**	**28,02**	**0,00**	**28,56**

Table 4 - Waste output 2021

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2024

Waste

	Not started	Ongoing	Achieved
Identify waste categories and establish a process for monitoring output waste			○
Establish method for calculating emmission footprint	○		
Review waste management plan for operation, mantenance and electric power production. Update if required.	○		
Assess waste output and identify potential for reducing climate footprint from waste	○		
Set specific targets for reducing climate footprint from waste - if applicable	○		

Table 5 - Improvement targets, Waste

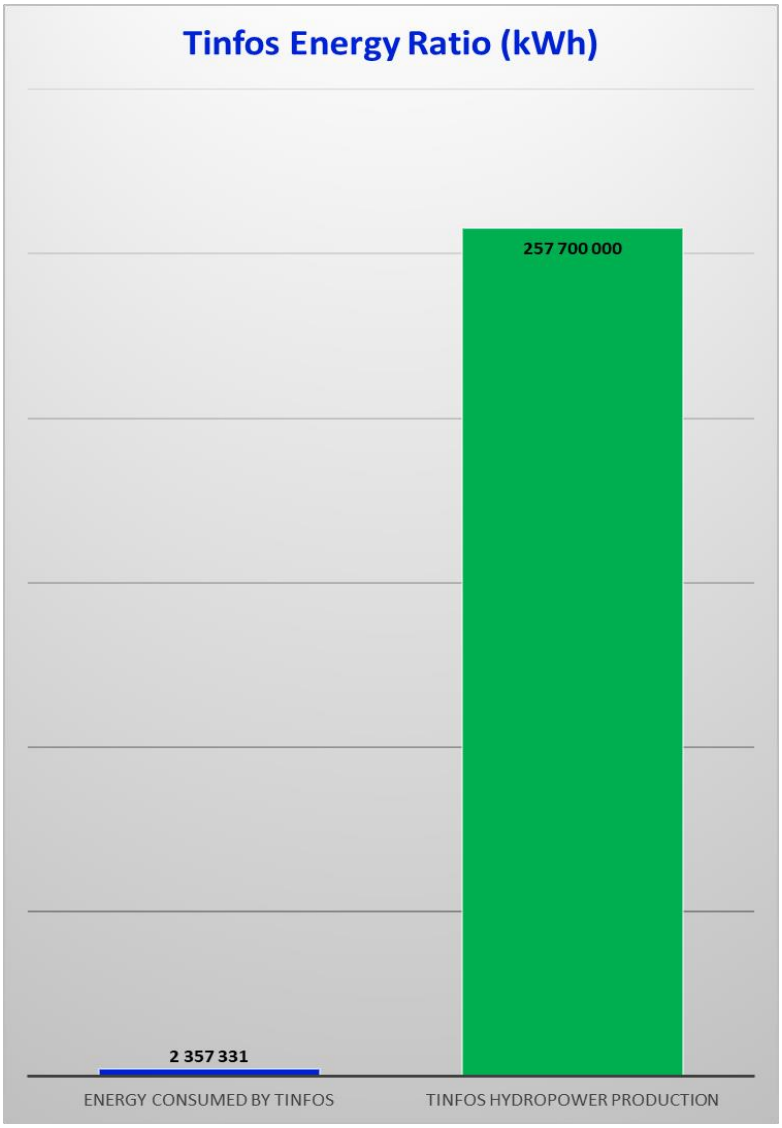
Method used to retrieve waste data

Waste data for *hydropower plant construction projects* is reported regularly, usually each month, by main construction entrepreneurs to the Tinfos project manager. The data is based on waste output, retrieved and systematized in a monthly aggregated ESG report to the client by Tinfos.
Waste data for *hydropower plant operation & maintenance* is reported by the plant manager at Tinfos powerplants I and II, owned by Tinfos, and is retrieved and systematized by CSO at Tinfos. In addition, waste data based on output is retrieved from financial filing of payments and invoices from known waste-collecting companies used by Tinfos.
In addition, waste reports for 2021 detailing waste delivered by Tinfos directly to the local waste disposal site has been collected from IRMAT, the main waste-management company in Notodden.

Uncertainties about the waste data quality

We calculate our waste data based on waste output from our projects and operations. The waste-collecting and waste-management companies used by Tinfos is relatively few. This provides us with a high degree of data accuracy.

Energy input and production



Tinfos Energy Ratio 2021 (kWh)

In 2021 Tinfos used less than 1% of energy in projects and operations compared to the amount of hydropower energy produced by the company owned hydropower plants.

In 2021, the total energy consumption at Tinfos was 2.4 GWh.

At Notodden (N), the company owned hydropower plants Tinfos I and II produced 235.1 GWh in 2021, while the hydropower plants Kobbhom/Valvatn in Finnmark (N) produced 22.6 GWh. A total of 257.7 GWh of renewable energy supplied.

Future targets
Total energy consumption:

2022: 5,0* GWh
2023: 5,0* GWh

* Increase relative to 2021 is expected due to increased project activities the next couple of years.

Future Targets
Electricity production at Tinfos owned hydropower plants:

2022: 200,8 GWh
2023: 259,7 GWh

Figure 5 - Energy input and production 2021

Energy consumed by Tinfos activities and assets			
Energy consumed by source/location	**Total (kWh)**	**Renewable (kWh)**	**Non-Renewable (kWh)**
Tinfos Assets	1 480 828	1 480 828	0
Tinfos SPVs	62 379	62 379	0
Tinfos branch offices	52 800	24 156	32 604
Private Car - Diesel	10 275	0	10 275
Private Car - Gasolin	3 902	0	3 902
Private Car- Hybrid	1 356	0	1 356
Private Car - Electric	111	108	3
Company Cars	107 585	0	107 585
Construction projects	634 136	18 867	615 270
TOTAL Tinfos (kWh)	**2 357 331**	**1 586 337**	**770 994**
TOTAL Tinfos (%)	**100 %**	**67 %**	**33 %**

Energy produced by Tinfos hydropower plants			
Energy produced by source/location	**Total (kWh)**	**Renewable (kWh)**	**Non-Renewable (kWh)**
Tinfos I/II	235 100 000	235 000 000	
Kobbhom/Valvatn	22 600 000	22 600 000	
TOTAL Tinfos (kWh)	**257 700 000**	**257 600 000**	**0**
TOTAL Tinfos (%)	**100 %**	**100 %**	**0 %**

Table 6 – Energy input and production by source, 2021

Upstream Tinfos I powerstation, Notodden, Norway

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2024

Energy	Not started	Ongoing	Achieved
Identify all renewable energy produced by Tinfos			○
Identify all material energy consuming entities by source/location			○
Establish methodology to collect relevant energy data for each source/location			○
Establish initial calculation models to present all energy consumption in kWh for 2021			○
Review calculation models and refineto reduce uncertainty in the figures for 2022	○		
Set specific targets to reduce energy consumption - if applicable	○		

Table 7 - Improvement targets, Energy

Method used to retrieve energy data

Tinfos assets and SPVs
Electricity consumption by Tinfos assets is collected directly from relevant electricity meters on elhub in kWh. (www.elhub.no)

Tinfos branch offices
The Tinfos branch offices are located in Rosendal in the western part of Norway, Lysaker in the eastern part of Norway and in Jakarta in Indonesia. The branches are relatively small office locations, where electricity and energy costs are included in the office rent.
Our office in Rosendal has moved, and at the previous location Tinfos was invoiced for electric power consumption, including information of KWh consumed at the location. By utilizing this information, we have calculated the specific energy consumption throughout a year for one person at that particular branch office, and we utilize this for the other branches as well. For each branch we multiply the specific energy consumption with the number of employees at the location to find a rough estimate of the energy consumed by Tinfos at each branch office.

When calculating how much of the energy use in Norwegian branch offices that are renewable and non-renewable we refer to updated NVE article 04.01.2022 (https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-strommen-fra/). Renewable sources contributed with 97% of the electric consumption in Norway in 2021.

When calculating how much of the energy use in Jakarta branch offices that are renewable and non-renewable we refer to https://www.statista.com/statistics/993362/indonesia-energy-mix-for-power-generation-by-source/. Renewable sources contributed with 15% of the electric consumption in Indonesia in May 2021.

Private cars (Diesel, Gasolin, Hybrid, Electric)
Financial filings in Xledger (accountancy software) of travel expences for employees contain kilometers (km) travelled and the fuel the car uses. To calculate energy consumption the following factors has been used:

	Fuel/electricity	**energy-content**, ref. article TU.no, 6.3.2021
- Car, gasoline:	0,08 litre/km	9,1 kWh/ltr
- Car, diesel:	0,08 litre/km	10,1 kWh/ltr
- Car, plug-in hybrid, gasolin:	0,07 litre/km	9,1 kWh/ltr
- Car, electric	0,19 kWh/km	

By multiplying the number of kilometers driven by each car type with the respective fuel consumption factor and specific energy content we end up with the total energy consumption (kWh) for each car type for private cars in Tinfos in 2021.

Company cars (Diesel)
Financial filings in Xledger (accountancy software) of invoices from known fuel providers for Tinfos allows us to summarize and calculate total diesel consumption throughout 2021. Multiplying with specific energy content for diesel (10,1 kWh/ltr) results in total energy consumption from company cars.

Construction projects
The energy consumption in construction projects consists of three main components:

- Fuel consumption, construction machinery, diesel litre
- Electric power consumption at construction site, kWh kWh
- Worker passenger transport, diesel km

The main entrepreneurs at construction site report consumption data for each of the components above to Tinfos each month. To reach the total energy consumption, the same methods apply for construction machinery and worker passenger transport as for private cars above.

Train and aircraft
The amount of energy used by Tinfos for train and airplane travels in 2021 is negligible and is not included in the energy calculation.

Uncertainties about the energy data quality

Tinfos assets and SPVs
The electricity consumption by Tinfos assets has no uncertainty and is exact.

Tinfos branch offices
Uncertainty is high when estimating electricity consumption at Tinfos branch offices, but the impact of uncertainty due to the small energy amount this represents is minor.

Private cars (Diesel, Gasolin, Hybrid, Electric)
The uncertainty for calculating the fuel consumption for private cars is quite large, as the calculations does not take into consideration carload, number of passengers, car label etc.

Company cars (Diesel)
The uncertainty for calculated fuel consumption from company cars is small, as the figures are derived from financial filings and invoice data.

Construction projects
The uncertainty for construction projects is the supplier ability to report correctly.

Travelling data from branch office in Jakarta, Indonesia
We have not yet established routines on collecting travelling data from activities at our branch office in Jakarta. In 2021 there was no project construction activity in Indonesia.

Greenhouse gas (GHG) emissions

Total GHG emissions from Tinfos activities

Our materiality assessment shows that climate change mitigation is a material issue for Tinfos' stakeholders. We therefore make an effort to present the climate footprint from all our activities in tCO_2e. We are still in the process of establishing scientific methodologies for greenhouse gas emission calculations. Our calculation methods to retrieve GHG emissions data for 2021 is explained in this section of the report.
In 2021 Tinfos' activities caused 156 tons CO_2e of total GHG emissions. Almost 70% (108,0 tons CO_2e) of the emissions originated from construction project activities.

Reduced GHG emissions by Tinfos hydropower production

Tinfos' main contribution to climate change mitigation is to produce renewable electricity from hydropower. To create a picture of the climate change mitigation from Tinfos' owned hydropower plants we assume that our produced renewable energy replaces an energy body like the EU electricity mix. According to the European Environment Agency the greenhouse gas emission intensity for EU27 in 2020 was 230,7 gCO_2e/kWh. In 2021 Tinfos produced 257,7 GWh of electricity which corresponds to a reduction of greenhouse gas emissions due to Tinfos' owned renewable power production of 59 451 metric tons of CO_2e.

Reduced GHG emissions by indirect hydropower production

By utilizing the same method as stated above for all hydropower plants that have been built by Tinfos since 2009, we find that they represent an additional production of 325 GWh for 2021. That means that Tinfos in addition to reduced GHG emissions of 59 451 tons CO_2e from our own hydropower plants, contributed indirectly to an additional reduction of greenhouse gas emissions of 74 978 metric tons of CO_2e. It is important however to emphasize that these hydropower facilities have been purchased by - and transferred to - our clients and customers. They are now the rightful owners of these hydropower facilities and have most likely, if they are reporting on sustainability, included this contribution to climate change mitigation in their own sustainability report.

Tinfos future targets : **Total GHG-emissions**	
2022:	500* tons CO2e
2023:	500* tons CO2e

** Increase relative to 2021 is expected due to increased project activities the next couple of years.*

Tinfos future targets: **Reduced GHG emissions**	
2022:	46 300* tons CO2e
2023:	59 900 tons CO2e

** Decrease relative to 2021 is expected due to planned lower renewable energy production in 2022 (See energy section of this report)*

Figure 6 - Tinfos GHG emission targets

Approaching emission calculations with the GHG Protocol

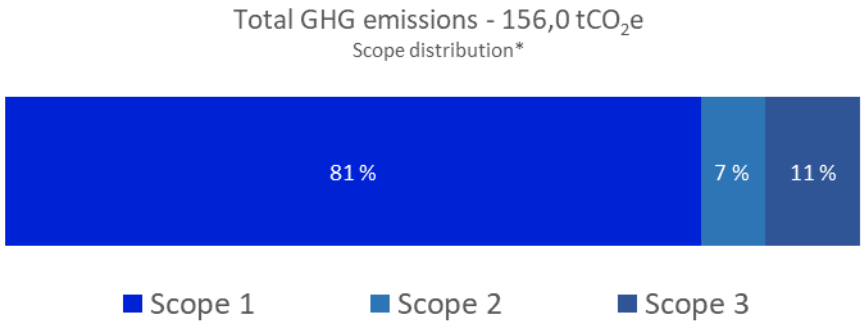
The GHG Protocol is the most widely used international accounting tool for climate gas emissions. Tinfos use the definitions by the GHG Protocol which categorizes greenhouse gas (GHG) emissions in three groups or scopes. The scopes as defined by the GHG protocol are as follows:

GHG Protocol – GHG emissions scope definitions		
Scope 1 **Direct GHG emissions**	**Scope 2** **Electricity indirect GHG emissions**	**Scope 3** **Other indirect GHG emissions**
Direct GHG emissions occur from sources that are owned or controlled by the company, for example emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment.	Accounts for GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated.	Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Some examples are extraction and construction of purchased materials; transportation of purchased fuels; use of sold products and services, business travel, waste disposal, transportation of products, employee commuting.

Figure 7 - GHG Protocol, Scope definitions

As a first step towards creating a clearer picture of our climate gas footprint, Tinfos has made a priority to identify scope 1 and 2 emissions for 2021. We have nevertheless initiated efforts to calculate some scope 3 emissions for 2021, and we have made preparations to report on material scope 3 climate gas emissions in the years to come including key input product material lifecycle emissions and waste output.

Although started, we have not yet assessed all scope 3 emission sources relevant for Tinfos to monitor for GHG emission calculations. If we are to establish scientific targets on reduction of scope 3 emissions in the future, which is our intention, we need to spend time to understand how to establish a scientific basis for GHG emissions caused by Tinfos activities from relevant sources. We aim to do this assessment in 2023, being able to report on all relevant scope 3 emissions from 2024.



* See detailed calculations on next page

Figure 8 - Emissions pr. GHG scope (%)

GHG emissions from Tinfos activities

Total GHG emmissions from Tinfos Activities [tCO2e]:						
Emission source	**Energy source**	**Total kWh**	**Renewable kWh**	**Non-Renewable kWh**	**Tinfos AS tCO2e**	*GHG Protocol classification*
Company Cars - Diesel	Diesel	107 585		107 585	**28,1**	GHG scope 1
Construction projects	*See details table 9	634 136	18 867	615 270	**108,2**	*See below
Tinfos Assets	Electricity	1 480 828	1 480 828		**0,0**	GHG scope 2
Tinfos SPVs	Electricity	62 379	62 379		**0,0**	GHG scope 2
Tinfos branch offices	Electricity	52 800	24 156	32 604	**11,5**	GHG scope 2
Transport Car - Diesel	Diesel	10 275		10 275	**3,1**	GHG scope 3
Transport Car - Gasolin	Gasolin	3 902		3 902	**1,6**	GHG scope 3
Transport Car- Hybrid	Gasolin	1 356		1 356	**0,5**	GHG scope 3
Transport Car - Electric	Electricity	111		3	**0,0**	GHG scope 3
Input material	*See details table 9					GHG scope 3
Tinfos Air flights	Aviation fuel				**3,2**	GHG scope 3
				TOTAL Tinfos tCO2e:	**156,2**	

Table 8 - Total GHG emissions 2021 by source

*Total GHG emmissions from construction projects [tCO2e]:						
Emission source	**Energy source**	**Total kWh**	**Renewable kWh**	**Non-Renewable kWh**	**Tinfos AS tCO2e**	*GHG Protocol classification*
Construction machinery	Diesel	375 922	0	375 922	**99,0**	GHG scope 1
Tunneling explosives	Explosive ignitions					GHG scope 1
Electric power, construction site	Electricity	19 450	18 867	584	**0,2**	GHG scope 2
Supplier staff commuting	Diesel	238 764	0	238 764	**8,8**	GHG scope 3
Supplier personell air flights	0	0	0	0	**0,2**	GHG scope 3

*Scope 3 GHG-emissions from main input materials						
Emission source	**Metric tonnes**			**Conversion factors [tCO2e/t material]**	**Tinfos AS tCO2e**	*GHG Protocol classification*
Concrete/Cement					**0**	GHG scope 3
Explosives	5,8			TBA	**0**	GHG scope 3
Steel el/mech components					**0**	GHG scope 3
Rebar (steel)					**0**	GHG scope 3
Wood					**0**	GHG scope 3
GRP pipe					**0**	GHG scope 3
Steel pipe					**0**	GHG scope 3
				Construction project tCO2e	**108,2**	

Table 9 - GHG emissions 2021 from construction projects

Source of emissions

Tinfos Diesel company cars is one of several sources of GHG emissions from our activities. Our future assessments will conclude on the materiality of emissions from each source. If found material, Tinfos will establish climate reduction targets, if applicable, for the relevant sources of GHG emissions.

Photo: Rune K. Mork

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2024

GHG emissions	Not started	Ongoing	Achieved
Establish preliminary GHG reduction calculation methodology caused by Tinfos' production			○
Establish scientific GHG reduction calculation methodology caused by Tinfos' production	○		
Identification of emission sources in all of Tinfos activities			○
Establish preliminary methodologies to calcalculate emissions in tCO2e for each source			○
Establish scientific methodologies to calculate emissions in tCO_2e for each source	○		
Establish procedures for monitoring and reporting key data parameters		○	
Set specific targets for reducing GHG emissions - if applicable	○		

Table 10 - Improvement targets, GHG emissions

Method used to retrieve GHG data

The basis for all calculations of GHG emissions are established by data collected and used in the calculation of energy input in the previous section of this report.

GHG Protocol tool for mobile combustion
We have utilized the World Resources Institute (2015) GHG Protocol tool for mobile combustion Version 2.6 to calculate emission from the sources listed below. The GHG tool uses default emission factors sourced from the US EPA Climate Leaders program or from the UK DEFRA (for air travel only). Input factors are available upon request.
The tool has been used to calculate emissions from the following sources:

Transport Cars; diesel, gasoline and hybrid
Construction machinery, diesel
Supplier staff commuting, diesel

GHG Protocol tool for stationary combustion
We have utilized the World Resource Institute (2015). GHG Protocol tool for stationary combustion Version 4.1 to calculate emissions from the sources listed below. The emission factors used in the tool come from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
The tool has been used to calculate emissions from the following sources:

Tinfos branch offices in Indonesia, non-renewable part of the consumption. Emissions calculated from powerstations fueld with coal pellets.

Tinfos branch offices in Norway and Electric power, construction site
We use NVEs calculation on specific CO2-factor for electric consumption in 2022 for Norway updated 04.01.2022 (https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-strommen-fra/). The specific CO2 factor in 2021 from electric consumption in Norway was 11 gCO_2e/kWh.

Tinfos and supplier air travel
For flight travel calculations we have used the online SAS Flight Emission Calculator (https://www.flysas.com/en/sustainability/emission-calculator/)

GHG conversion on material input and waste output
Conversion factors to calculate GHG emissions related to material input and waste output has not yet been established. We aim to be able to report on material scope 3 sources in 2024.

COMMUNICATION ON PROGRESS (COP)

We are convinced that the active participation of business and industry is crucial for the world to succeed in achieving UN's sustainability goals. That is why we in May 2021 formalized our commitments through our membership in the world's largest corporate sustainability initiative – the UN Global Compact.

The first year of our commitment to the ten principles of UN Global Compact has spurred our focus on sustainability and good governance in the four areas Human Rights, Labour, Environment and Anti-Corruption in a more systematic and target-based manner than previously.

Read more at about UN Global Compact:
www.globalcompact.no
www.unglobalcompact.org

By committing to UN Global Compact, we have also committed us to provide an annual report, *Communication on Progress (COP)*, where we describe our actions to uphold the ten principles of UN Global Compact into our business strategy, culture and daily operations. We have integrated our very first Communication on Progress (COP) in our first sustainability report (this section in this document).

The sustainability report including COP will be made available to all our stakeholders and the general public in our webpages; www.tinfos.no.

By releasing a *Sustainability and corporate Responsibility (ESG) Declaration of conformity for suppliers* during 2021, Tinfos has taken our first steps to describe our sustainability and ESG expectations to all suppliers of material and services to Tinfos AS. In short, we require our suppliers to declare that they are following the same ethical standards as we are.
The next step for Tinfos will be to ensure that our expectations not only are received and understood, but that they also are respected and complied with throughout the supply chain.

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2023

Communication on Progress (COP)	Not started	Ongoing	Achieved
Decision to commit to the ESG leadership standard and principles of the UN Global Compact.			○
Establish an ESG supplier declaration of conformity communicating our expectations to implement the 10 principles in our value chain.			○
Release the first Tinfos COP within Q2 2022			○
Staff training to increase awareness of UN Global Compact's 10 principles and the COP.		○	
Establish process for supply chain implementation and management for all 10 principles.	○		

Table 11 - Improvement targets, COP

Our Sustainability policy, ESG objectives, Code of Conduct and ESG supplier declaration are all governing documents at Tinfos made available on our webpages, and which covers the four areas and the related principles of the UN Global Compact.

Openness is a prerequisite for motivation, trust and security at Tinfos – we value feedback from employees and society. We have established a grievance mechanism on our web-pages where employees, consultants, suppliers and other affected parties who have observed, in connection to Tinfos' activities, inappropriate, offensive or suspicious behavior, or actions that violate our ethical guidelines can notify us. All reports via the grievance mechanism are treated confidentially, and it is possible to make anonymous reports.

Human Rights

Tinfos respects and supports the Universal Declaration of human rights of all individuals and stakeholders who could potentially be impacted by our business.

Our commitment has been integrated in our Code of Conduct where we urge all Tinfos Employees to always safeguard human rights in all activities they are engaged in on behalf of Tinfos, and actively assess whether our activities have negative effects on human rights in the local communities in which we operate.

We also ask of our employees to notify us through one of our grievance mechanisms about any conditions they observe that may involve human rights violations in connection with Tinfos' activities, allowing us to take appropriate action.

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2023

Human rights	Not started	Ongoing	Achieved
Include our human rights commitment the Tinfos Code of Conduct.			○
Establish an ESG supplier declaration of confirmity including human rights commitment			○
Communitcate our CoC and ESG supplier declaration to our stakeholders and public on web			○
ESG-introduction for our staff at Tinfos including our human rights commitment			○
Benchmark good practice and knowledge to establish more specific improvement targets	○		
Make a specific human rights assessment to identify human rights most material to Tinfos	○		
Establish processes for supply chain management including human rights assessments	○		

Table 12 - Improvement targets, Human rights

Observed human rights violations will be identified as ESG-non conformances and registered and handled in our non-conformance system. So far, we have not received any reports from our suppliers or other stakeholders, either directly or by the grievance mechanism, related to human rights violations in relation to Tinfos' activities.

Report on gender equality

In Tinfos AS there are 30% women and 70% men.
In the Tinfos Group there are 27% women and 73% men.

Ratio of the basic salary and remuneration of women and men for each employee category in Tinfos AS as defined in the NSRS standard is calculated as average salary women / average salary men for each category. In Tinfos the ratio of the basic salary between men and women are as follows:

Leaders:	1,01
Mid management:	0,99
Experienced staff:	0,99
Junior staff:	1,01

Labour

Tinfos comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, with specific references to the ILO Core labor Conventions. This principle is made transparent to our stakeholders and to the public on our webpages.

We have integrated the principle of right of employees to form and join trade unions, and our recognition of the right of employees to conduct collective bargaining, in our Code of Conduct.

The Tinfos Code of Conduct states that we do not tolerate exposing employees to social dumping in the sense of serious breaches of health, environmental and safety rules, including rules on working hours and requirements for housing standards or that employees are offered wages and other benefits that are unacceptably low compared to what employees normally earn in the same country.

We regard our employees our most important asset, and we put the health and safety of our workers, and those we work with, first. The Norwegian Working Environment Act together with the Internal Control Regulations contain requirements for the enterprise's own activity with regard to systematic HSE work. The systematic HSE work in Tinfos AS, including labour conditions and working environment, is described in our Health, Safety and Environment Annual Report for 2021, available on our webpages. The report comprises our report on Labour, and is therefore enclosed with our sustainability report when we deliver our COP-report to UN Global Compact.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of

Read more at about Tinfos' work on sustainability and social responsibility:

https://www.tinfos.no/en/sustainability-and-social-responsibility/

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2023

Labour	Not started	Ongoing	Achieved
Include labour as a topic in our sustainability policy regarding governance			○
Include right to form and trade unions and collective bargaining in Code of Conduct			○
Report systematic HSE activities in annual report 2021			○
Communicate our labour policies and relevant reports to our stakeholders and public on web			○
Establish an ESG supplier declaration of conformity including labour policies			○
Establish processes for supply chain management including labour and HSE assessments	○		
Conduct risk assessment related to material social topics identified in materiality assessment.	○		

Table 13 - Improvement targets, Labour

All observed labour and HSE non-conformances are registered, classified and processed as ESG non-conformances in our non-conformance system.
In 2021, 15 non-conformances related to health, safety, working environment or community were reported, processed and closed according to our non-conformance management procedures.

Environment and biodiversity

Our Code of Conduct and our Sustainability policy describes how Tinfos is approaching environmental challenges when building hydropower plants.

The UN's sustainability goals outline a joint work plan for a global sustainable future. Everyone is expected to help achieve the goals, including the business community. Tinfos both can and will contribute in our own way. Sustainability and social responsibility must be an integral part of our activities and in our projects. We will act responsibly vis-à-vis our stakeholders affected by our activities, and we are committed to supporting precautionary approaches to addressing environmental challenges.
We seek to expand our understanding of the impact of our activities on the climate through by mapping of climate emissions generated in our projects and daily operations. We will ensure safe and environmentally sound handling and transport of materials and waste.

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Tinfos has long experience dealing with environmental impact assessments. We conduct environmental impact assessments identifying risk to the environment when we build new hydropower projects, and we establish activities described in specific action plans in all our projects to avoid, minimize and mitigate related risks. According to our project Environmental Action Plans, based on Impact Assessments, we monitor parameters on water quality and establish mitigating measures to prevent negative impacts to habitats and biodiversity.
We contribute the most to climate change mitigation by building new hydropower plants that produce renewable energy that may replace non-renewable or less sustainable energy sources.

We recognize however that our activities when building and operating hydropower plants represent sources of climate gas emissions. Therefore, it is important for us to monitor and analyze data retrieved directly from the construction projects and operational activities. In close cooperation with our client and our key suppliers, we started monitoring relevant data in our first hydropower construction project, the Flateland powerstation in Norway, staring in October 2021.

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2023

Environment	Not started	Ongoing	Achieved
Training staff to become certified user of IHA's Hydropower Sustainability Tools.			○
Establish environmental action plans (EAP/Nw.: MOP) in ongoing projects			○
Sustainability policy for environmental topics from Materiality Assessment			○
Enhance non-conformance system to include registration and reporting ESG non-conformances			○
Establish procedures in hydropower project enableing monotoring of input materials and GHG			○
Establish ESMS (Environmental and Social management System) for Tinfos projects and power production		○	
Conduct risk assessment of material environmental topics from materiality assessment.	○		

Table 14 - Improvement targets, Environment

All observed environmental non-conformances are registered, classified and processed as ESG non-conformances in our non-conformance system. In 2021, 6 non-conformances related to environment were reported, processed and closed according to our non-conformance management procedures.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Tinfos follows a zero-tolerance policy with regard to all forms of corruption and takes active measures to ensure that corruption not be a part of any of our business activities. Our policy on corruption is committed in our Code of Conduct, available on our webpages.

According to *Transparency International – the global coalition against corruption*, the global average on the Corruption Perceptions Index (CPI) reveals that corruption levels are at a worldwide standstill in 2021, with just 43 out of a possible 100 points.

Our main market up till now have been hydropower plant construction and renewable energy production in Norway, a country that scores among the highest on the CPI, and where corruption is regarded as a low-risk topic, although care should always be taken to identify corruption attempts.

Tinfos is now operating also in new markets in need for sustainable renewable energy. With a CPI-score in the area of the global average, and although both Indonesia and North-Macedonia has progressed since 2020, the probability of running into situations where corruption is attempted is regarded as high.

For this reason, anti-corruption is a prioritized topic for Tinfos, and we have just started to work with this complex field. We realize that we need to learn more about how to discover corruption attempts and how to react when this happens. We do this in close co-operation with our local partners.

IMPROVEMENT TARGETS Baseline year: 2021 - Target year: 2023

Anti-corruption	Not started	Ongoing	Achieved
Tinfos management team staff training. Internal introduction program to Anti-corruption.			○
Staff training, all employees. Internal introduction Code of Conduct inluding Anti-corruption.			○
Establish anti-corruption policy for Tinfos			○
Disclose anti-corruption policy to stakeholders and the general public on webpages (CoC)			○
Establish clear grievance mechanisms, both on web and as internal procedures			○
Establish invoice control and approval routines that involves more than one employee.			○
Study best practice and collect information to learn more about anti-corruption work.		○	
Establish clear sanctions if procedures regarding anti-corruption has not been followed	○		
Conduct specific training program for staff with field assignments to high risk areas	○		
Establish routines remining employees of Tinfos anti-corruption policy	○		
Consider regular signing of a-corruption declaration of conformity for staff in high-risk areas	○		
Establish anti-corruption requirements in contracts with partners, suppliers and agents	○		

Table 15 - Improvement targets, Anti-corruption

All corruption attempts and other corruption related situations are registered, classified and processed as ESG non-conformances in our non-conformance system.
In 2021, 1 non-conformance related to corruption-risk were reported, processed and closed according to our non-conformance management procedures.

TINFOS, THE EU TAXONOMY AND SUSTAINABILITY REPORTING

The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes.
It recognizes as green, or 'environmentally sustainable', economic activities that make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.
/European commission, FAQ: What is the EU Taxonomy and how will it work in practice? /

Sustainability criteria for construction and operation of hydropower facilities are defined by the EU taxonomy. The activities are associated with NACE codes D35.11 and F42.22 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

Renewable energy production in general, including hydropower, has been targeted as an economic activity that *may* provide a substantial contribution to the EU environmental objectives, provided that it meets defined screening criteria outlined by the EU Taxonomy.

The Taxonomy Regulation lays out six EU environmental objectives:

1	2	3	4	5	6
Climate change mitigation	**Climate change adaption**	**Sustainable use and protection of water and marine resources**	**Transition to circular economy**	**Pollution prevention and control**	**Protection and restoration of biodiversity and ecosystems**

Figure 9 - The six EU environmental objectives

It also sets out four conditions that an economic activity must meet to be recognized as Taxonomy aligned:

- making a substantial contribution to at least one environmental objective (above)
- doing no significant harm to any other environmental objective
- complying with minimum social safeguards
- complying with the technical screening criteria

So far, technical screening criteria have been established for the objectives *Climate change mitigation* and *Climate change adaption* by the EU. The next four is expected to be established in 2022.

In the following section in the next page, we describe how our small and medium sized renewable hydropower plant projects are Taxonomy aligned by meeting the four conditions listed above. We have used the EU Taxonomy Compass (https://ec.europa.eu/sustainable-finance-taxonomy/tool/index_en.htm) as a supportive tool when making this assessment.

Tinfos and climate change mitigation

How Tinfos represent a substantial contribution to the EU environmental objectives

The construction of new small and medium sized hydropower facilities for renewable energy production by Tinfos complies with the EU Taxonomy substantial contribution criteria related to the environmental objective *Climate change mitigation* by being designed and constructed as run-of-river plants.

How Tinfos complies with the do no significant harm criteria

Climate adaption

Tinfos has identified physical climate risks material to our activities by performing a climate risk and vulnerability assessment. An overview of results is presented in this report.

Water

Tinfos complies with the provisions of Directive 2000/60/EC (Nw.: Vanndirektivet) which entered into force in Norway in 2008. The directive is considered for all concessions in Norway given to new hydropower plant construction, which establish criteria for Environmental Impact Assessments.
For hydropower construction projects outside Norway and the EU, Tinfos conducts Environmental Impact Assessments (EIA) to assess all potential impacts on the river and on protected habitats and species directly dependent on water. The assessments are based on comprehensive and accurate data collected and investigated by professional third-party environmental consultants.
Tinfos established Environmental Action Plans (EAP) to ensure that mitigating measures are enforced in our projects to prevent or reduce the environmental impact of the hydropower facility construction and operation.

Circular economy

Not Applicable according to the Taxonomy criteria

Pollution prevention

Not Applicable according to the Taxonomy criteria

Biodiversity

Tinfos complies with the provisions of the Environmental Impact Assessment (EIA) Directive which is considered in the Norwegian regulation *Forskrift om konsekvensutredninger* The directive is considered for all concessions in Norway given to new hydropower plant construction, and establish criteria for Environmental Impact Assessments.
For hydropower construction projects outside Norway and the EU, Tinfos conducts Environmental and Social Impact Assessments (ESIA) to assess all potential impacts on environment and community from the construction and operation of the hydropower facility.

Sustainability reporting

Tinfos is not required to report on sustainability according to the Non-Financial Reporting Directive (NFRD) today. Even so, Tinfos will be disclosing to our stakeholders that we have Taxonomy-aligned activities, ensuring that our stakeholders can make decisions involving Tinfos accordingly.

The introduction of the Corporate Sustainability Reporting Directive - CSRD (Expected entry into force in EU in 2023) and the expected Taxonomy Reporting will also have an impact on Tinfos, first and foremost through our stakeholders' expectations, even though the time for introducing mandatory reporting according to CSRD and the Taxonomy in Norway is yet to be decided by the Norwegian authorities.

We recognize however, that several of our partners such as banks, investors and financial institutions are, or soon will be, required to report according to EU standards for sustainable finance. This means that our key-stakeholders will request sustainability data from Tinfos at an increasing rate.

Tinfos expect that we will be required to report according to the Norwegian Transparency Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Enters into force 01.07.2022). These are topics which we already address in this sustainability-report motivated by our membership in the UN Global Compact.

We believe that renewable energy from hydropower should be and must be sustainable. Therefore, we take large pride in building and operating sustainable hydropower plants, where we conduct Environmental and Social Impact Assessments prior to the implementation of each construction project. This allows us to plan actions to ensure sustainable use and protection of water resources and to ensure protection of biodiversity and ecosystems affected during the construction process.

PREPARING FOR THE FUTURE

The next pages of this report show an overview of the overall results from our climate-risk assessment listing climate risks and opportunities that are expected to have the greatest impact on our operations in a short- and long-term perspective. The risks and opportunities are not listed in any particular order.

How we work with climate-related risks and opportunities

The climate risk assessment has been made by representatives from all business areas in Tinfos, interchanging information and views on the topics from different perspectives in the company.

By discussing how each topic is relevant for Tinfos and categorizing relevance and impact on a scale from 1-10 for short- and long-term perspectives we end up with a prioritized overview of potential risks and opportunities.
The strategic importance of the risk depends on the potential scope of its impact in relation to our level of knowledge about the topic. Therefore, we have made a categorization for each topic based on our self-perceived knowledge level in our organization on each specific topic on a scale from 1 to 10. This provides us with a useful mapping of where to increase the organization's knowledge levels to be prepared to handle relevant risks and opportunities when and where they occur.

Climate-related risks

Climate risk			Short term perspective (0-2 years)			Long term perspective (3 years and more)		
			Impact	Knowledge	Priority	Impact	Knowledge	Priority
Transition (Climate policies and regulations, market changes, new technologies, Value chain distruptions etc.)	Policy and legal	*Increased pricing of GHG emissions*	8	10	Medium	8	10	High
		Enhanced emissions-reporting obligations	3	5	Medium	5	5	High
		Mandates on and regulation of existing products and services	8	10	Medium	8	10	High
	Technology	*Substitution of existing products and services with lower emissions options*	5	2	Low	5	2	Low
		Costs to transition to lower emissions technology	5	8	Medium	5	8	Medium
	Market	*Changing customer behavior*	3	10	Low	3	10	Medium
		Uncertainty in market signals	3	10	Low	5	10	Low
		Increased cost of raw materials	5	10	High	5	10	High
	Reputation	*Shifts in consumer preferences*	8	7	Medium	8	7	Medium
		Stigmatization of sector	8	10	Medium	7	10	Low
		Increased stakeholder concern or negative stakeholder feedback	3	10	Low	7	10	Low
Physical (Temperature increase, rising sea levels, storms extreme precipitation, landslides, floods etc.)	Acute	*Increased severity of extreme weather events such as cyclones and floods*	7	10	Medium	5	10	High
	Chronic	*Changes in precipitation patterns and extreme variability in weather patterns*	5	10	Medium	5	10	High
		Rising mean temperatures	NA	NA	#I/T	NA	NA	#I/T
		Rising sea levels	NA	NA	#I/T	See above	NA	#I/T

Table 16 - Climate risk assessment

Climate-related opportunities

Climate opportunity		Short term perspective (0-2 years)			Long term perspective (3 years and more)		
		Impact	Knowledge	Priority	Impact	Knowledge	Priority
Resource efficiency	*Increased pricing of GHG emissions*	10	10	High	10	10	High
	Use of more efficient modes of transport	4	2	Low	4	2	Medium
	Use of more efficient production and distribution processes	3	2	Medium	3	2	Medium
	Use of recycling	1	2	Low	1	2	Low
	Move to more efficient buildings	1	8	Low	1	8	Low
	Reduced water usage and consumption	1	10	Low	1	10	Low
Energy source	*Use of lower-emission sources of energy*	1	10	Low	1	10	Low
	Use of supportive policy incentives	10	8	High	10	8	High
	Use of new technologies	2	5	Low	8	5	High
	Participation in carbon market	1	4	Low	1	4	Low
	Shift toward decentralized energy generation	10	10	High	10	10	High
Products and services	*Development and/or expansion of low emission goods and services*	4	2	Medium	4	2	Medium
	Development of climate adaptation and insurance risk solutions	1	5	Low	1	5	Low
	Development of new products or services through R&D and innovation	4	8	Medium	4	8	High
	Ability to diversify business activities	8	6	High	8	6	High
	Shift in consumer preferences	10	10	High	10	10	High
Markets	*Access to new markets*	10	7	High	10	7	High
	Use of public-sector incentives	10	10	High	10	10	High
	Access to new assets and locations needing insurance coverage	5	7	Medium	5	7	Medium
Recillience	*Participation in renewable energy programs and adoption of energy-efficiency measures*	2	10	Low	2	10	Low
	Resource substitutes/ diversification	1	10	Low	1	10	Low

Table 17 - Climate opportunity assessment

TINFOS AND THE UN SUSTAINABILITY DEVELOPMENT GOALS

Materiality assessment

As part of our sustainability efforts, Tinfos has co-operated with Multiconsult Norge AS as an independent party to conduct a materiality assessment to identify where we should prioritize our efforts and establish a framework for sustainability reporting.
The materiality assessment of Tinfos has been based on the methodology, principles and guidelines from Global Reporting Initiative (GRI). The list of topics has been adjusted by Multiconsult Norge AS to be relevant for Tinfos, using in particular the International Hydropower Association's (IHA) Hydropower Sustainability Guidelines, as well as input from stakeholders, best practice in the industry and the consultant's experience. As part of this work, stakeholders of the activities of the company have been mapped and key stakeholders have been involved through interviews and a survey.

The materiality assessment has identified 10 topics as the prioritized material topics for Tinfos. These are:

Economic	Environmental	Social
• Economic performance • Business integrity • Good governance	• Biodiversity • Renewable energy • Water resource management • Climate change mitigation • Climate change resilience	• Labour rights • Occupational health and safety

Figure 10 - The ten material sustainability Topics for Tinfos

The ESG objectives in Tinfos are closely aligned to the United Nations Sustainable Development Goals (SDGs) and the result from the materiality assessment. The 10 material topics identified by the materiality assessment and by dialogue with relevant stakeholders relates to 9 SDGs that are particularly important for our business activities as shown in the figure below.

Figure 11 - Tinfos' material sustainability topics relation to UN SDGs

The Tinfos Materiality Matrix and the Tinfos Materiality Table shown below summarizes all Topics identified and investigated, and how they are assessed by our stakeholders with regards to importance/influence and significance of impact to the UN sustainability development goals (SDGs).

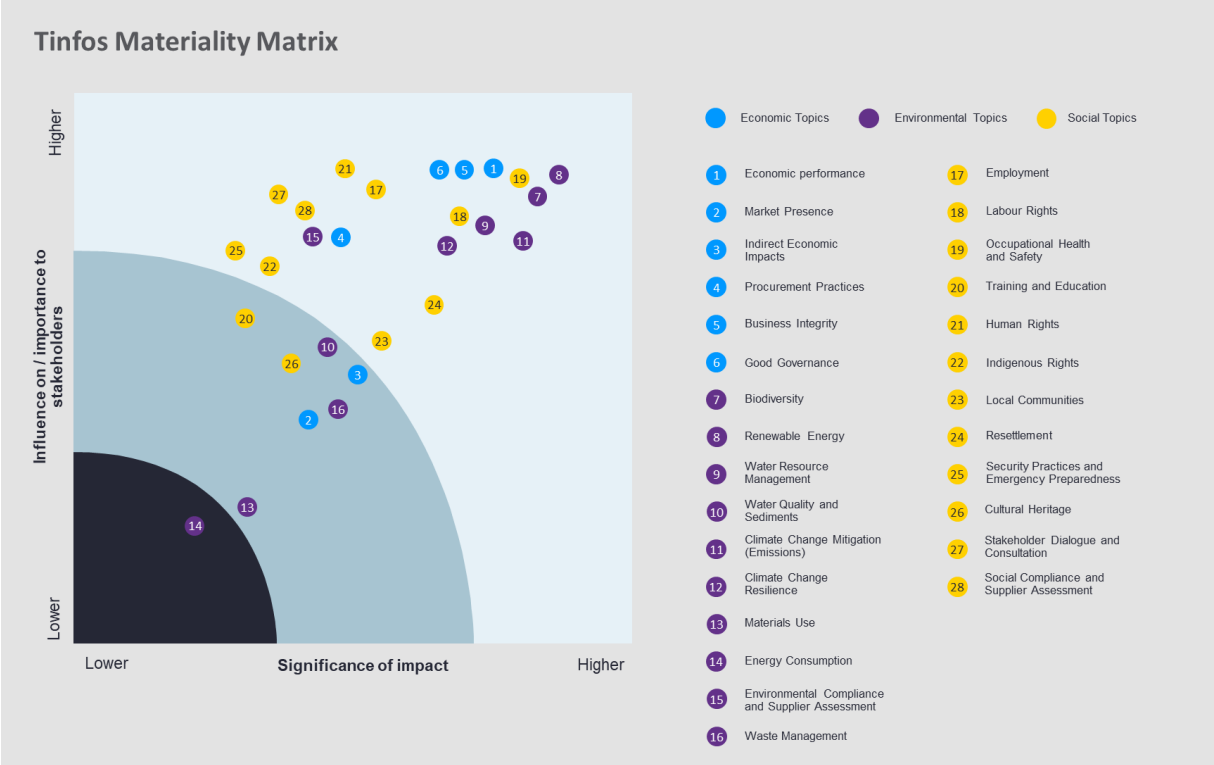


Figure 12 - Tinfos materiality matrix

Tinfos Materiality Table

Higher Stakeholder Influence/Importance	• Procurement Practices • Environmental Compliance and Supplier Assessment • Employment • Human Rights • Indigenous Rights • Local Communities • Resettlement • Security Practices and Emergency Preparedness • Cultural Heritage • Stakeholder Dialogue and Consultation • Social Compliance and Supplier Assessment	• Economic Performance • Business Integrity • Good Governance • Biodiversity • Renewable Energy • Water Resource Management • Climate Change Mitigation • Climate Change Resilience • Labour Rights • Occupational Health and Safety
Lower Stakeholder Influence/Importance	• Market Presence • Indirect Economic Impacts • Water Quality and Sediments • Materials Use • Energy Consumption • Waste Management	
	Lower Significance/Impact	Higher Significance/Impact

Figure 13 - Tinfos materiality table

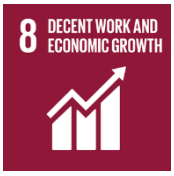
ESG objectives

Based on the 10 material topics and their relation to the United Nations Sustainable Development Goals (SDGs), Tinfos has established ESG objectives for each of the SDGs that relates to the topics identified in the materiality assessment.

- At Tinfos we will take measures to avoid harmful pollution of air, water and soil.
- At Tinfos we will take measures to minimize disturbing noise from our construction activities.
- At Tinfos we will take measures to prevent abuse of drugs and harmful use of alcohol.
- At Tinfos we will take measures to prevent spread of infectious and transmitted diseases.
- At Tinfos we support public health initiatives for employees and community.

- At Tinfos, we shall take appropriate measures to identify risks and prevent pollution during construction and operation of hydropower plants.
- At Tinfos, we shall ensure that any project impact on water resources used by local community and stakeholders are identified and managed appropriately.

- At Tinfos, we will be cost effective in our preparation, implementation and operation of hydropower plants, ensuring affordable, clean and renewable energy for the community through our focused project conduct, operational experience and asset management excellence.



- It shall be safe to work at Tinfos, and the company shall conduct our business and activities in a way that prevents damage to persons, equipment and environment.
- At Tinfos, we shall seek common ground through regular dialogue and cooperation between employees and management in matters related to occupational health and work environment.
- At Tinfos we shall respect employees´ right to form and join trade unions.

- At Tinfos, we will provide reliable hydropower plants that contribute to a safe, sustainable and renewable energy supply.
- At Tinfos, we will actively ensure the training and competence enhancement of local supervisory personnel and operators.

- Tinfos will increase the share of hydropower in the markets we operate as a renewable alternative to other less sustainable energy sources.
- Tinfos shall monitor and minimize energy consumption and greenhouse gas emissions in our project activities and business operations.
- Tinfos shall assess our hydropower plant resilience to climate change and apply these conditions in our design basis to ensure infrastructural safety and energy availability.

- At Tinfos, we shall identify, mitigate or minimize risks to biodiversity and life below water generated by our activities when implementing and operating hydropower plants.
- At Tinfos we undertake monitoring to ensure compliance with downstream seasonal variation flow regimes.

- At Tinfos, we shall identify, mitigate or minimize risks to biodiversity and life on land generated by our activities when implementing and operating hydropower plants.
- At Tinfos, we shall always take measures to minimize the project impact area, and to take actions to encourage nature restauration before leaving the construction site.

- Tinfos has zero tolerance towards all forms of corruption and shall take active measures to ensure that this does not happen in our business or activities.
- At Tinfos, we shall act in an open and transparent manner, and we shall exercise integrity in all situations.

The management team of Tinfos has discussed all 17 SDGs, independently of the materiality assessment and found that we should establish objectives to three more SDGs where we believe that we may contribute within our own business activities; **gender equality**, **responsible consumption and production** and **partnership for the goals**. The following ESG objectives has been established in Tinfos for the three SDGs:

- At Tinfos, people of all genders shall have the same opportunity to get a job, to develop their experience and knowledge and to occupy leading positions in the company.
- At Tinfos salary determination is made with no consideration to gender.
- At Tinfos we strive to obtain a balanced proportion of men and women in our organization, at all levels and in all functions.

- At Tinfos, we shall take appropriate measures to identify risks and ensure transparent and sustainable handling procedures for substances and all kinds of waste during construction and operation of hydropower plants.
- At Tinfos we shall encourage our suppliers to take actions to prevent, reduce, recycle and reuse waste.
- At Tinfos we will take measures to ensure sustainable procurement for material and services.

- Tinfos shall, with the purpose of sharing knowledge and experience with others, and to empower our own ability to perform in accordance with high ESG standards, seek cooperation and participation in selected initiatives and networks that promote sustainable conduct and ESG topics relevant to our business.

WHAT'S NEXT?

Sustainability is a complex matter. It is a challenge to contribute with a positive impact in one place, such as building new powerplants producing renewable energy, without creating some level of harm in another e.g., to biodiversity and short-term water quality when building a hydropower dam in a running river.

The world is in dire need of more renewable energy as a replacement for non-renewable and less sustainable energy sources. Renewable hydropower provides significant environmental and climate benefits. Our mission is to design, build, finance, operate and maintain high quality renewable energy powerplants that creates financial, social and environmental values in selected markets.

At Tinfos we aim to constantly improve and keep ourselves updated on sustainability issues with relevance to our area of business. We concentrate our efforts to avoid, mitigate, reduce or compensate for any negative impact our activities may have on the environment or community as we continue to build sustainable hydropower plants for renewable energy production.

We believe that hydropower implementation shall be and must be sustainable. At Tinfos we use the Hydropower Sustainability tools issued by International Hydropower Association as supporting tools and sources of knowledge (the HS Assessment Protocol, the HS Guidelines and the HS ESG Gap Analysis Tool) when assessing sustainability internally in Tinfos for our small and medium sized hydropower projects.

During 2021 Tinfos has established a strategic vision and tactical mission reflecting both ESG and sustainability. We have established policies and objectives for ESG and sustainability, and we have developed and implemented new processes and procedures to monitor material input, energy-consumption, waste production and GHG emissions from our activities. We know however, that this is only an early phase. During next year we need to develop and refine our tools and processes, and we need to identify material key factors to be monitored and reported.

Improving sustainability reporting

This is our first sustainability report, and we are proud to present it to our stakeholders. However, we know that we have a lot more to learn with regards to communication with our stakeholders. Before issuing our next sustainability report for the reporting period 2022, we will review this one.

As we gain more experience with time and learn from the process, we will also develop new tools and raise our ambitions to improve our communication on sustainability with our stakeholders and the public in general.

We welcome any feedback, input or ideas that you may have.

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This report is adapted to the Global Reporting Initiative (GRI), the Non-Financial Reporting Directive (NFRD), and the Task Force on Climate-Related Disclosures (TCFD). This does not mean that the report is aligned with these frameworks.
Read more at www.nsrs.eu.

REFERENCE DOCUMENTATION

URL-links to governing documents available on tinfos.no

Document ID	Title
100-PCY-001	Corporate Governance Policy
150-PCY-001	Quality Policy
150-PCY-002	Sustainability Policy
150-PCY-003	HSE Policy
150-PCY-004	Privacy and Data Protection Policy
200-ESG-001	ESG Declaration of conformity – supply chain
200-PHB-001	Tinfos Code of Conduct
NA	Tinfos ESG objectives

URL-inks to Tinfos reports available on tinfos.no

Report ID	Title
2021	Annual Report 2021 / Årsrapport 2021 (Financial)
2021	Health, safety and environment, Annual Report 2021

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