

Sustainability report 2020





Introduction

At Hafslund Eco, we are proud to contribute to a more sustainable future. Our core activity is to generate clean, renewable energy from our 80 hydroelectric power plants, but at the same time, we are also working on developing new solutions that can help speed up the transition from fossil fuel to renewable energy. As an efficient and innovative producer of hydroelectric energy, Hafslund Eco has made sustainability an integrated part of its business model.

Our biggest contribution in the transition to a zero-emission, fully electrified society is the production and development of safe, renewable, and climate-friendly energy. In 2020, we completed the Nedre Otta power plant, which is the largest hydroelectric development project Norway has seen in many years. Our plan is to continue expanding our hydroelectricity portfolio, and we are currently working on Tolga power plant in the northern part of Østerdalen, as well as small-scale power plants at Mork and Hinøgla. Overall, we have increased the Norwegian production of renewable energy by approximately 1 TWh per year over the past few years.

In 2020 we also partnered with Fred. Olsen Renewables on the development of offshore wind energy. Offshore wind represents a potential for growth that goes hand in hand with hydroelectric power production, and this segment may help consolidate Norway's position as one of the most competitive countries for green growth.





Electrification is a key part of the transition to a zero-emission society, and 2020 was the year when Hafslund Eco's electrification strategy really took off. The charging operator Ladeklar hit a big milestone with 10,000 charging stations, and Hafslund Rådgivning increased its electrification consulting client pool.

Hafslund Eco continually strives to improve the environmental state of our regulated waterways. We monitor the waterways and regularly review our commitments. In 2020, we have not had any serious violations of permit conditions, but we have seen some minor deviations and unwanted incidents. When deviations are discovered, our priority is to remedy the situation as soon as possible.

At Hafslund Eco, we are not satisfied until we have achieved bringing injuries and property damage down to zero. Our organization is large and complex, and while our vision of zero injuries remains a high priority, we still have a way to go before we reach this goal. The number of injuries, both with and without absences as a result, is higher than we would like, but we are proud that our sickness absence remains low.

Sustainability is also fast becoming a priority for investors. The group has developed a framework for green finance. Our goal for this framework is to meet the requirements for best market practice by ensuring compliance with relevant standards and guidelines in the green finance market.

We plan to continue and further develop our work on sustainability. In June 2020, Hafslund Eco's board of directors adopted an ambitious new sustainability strategy, whose objective is to make us "top of the class" in this important segment. This autumn, we spent a lot of time developing good processes, reporting routines and measures to make sure we can achieve the goals laid out in the strategy. You can read about some of these measures in this report.

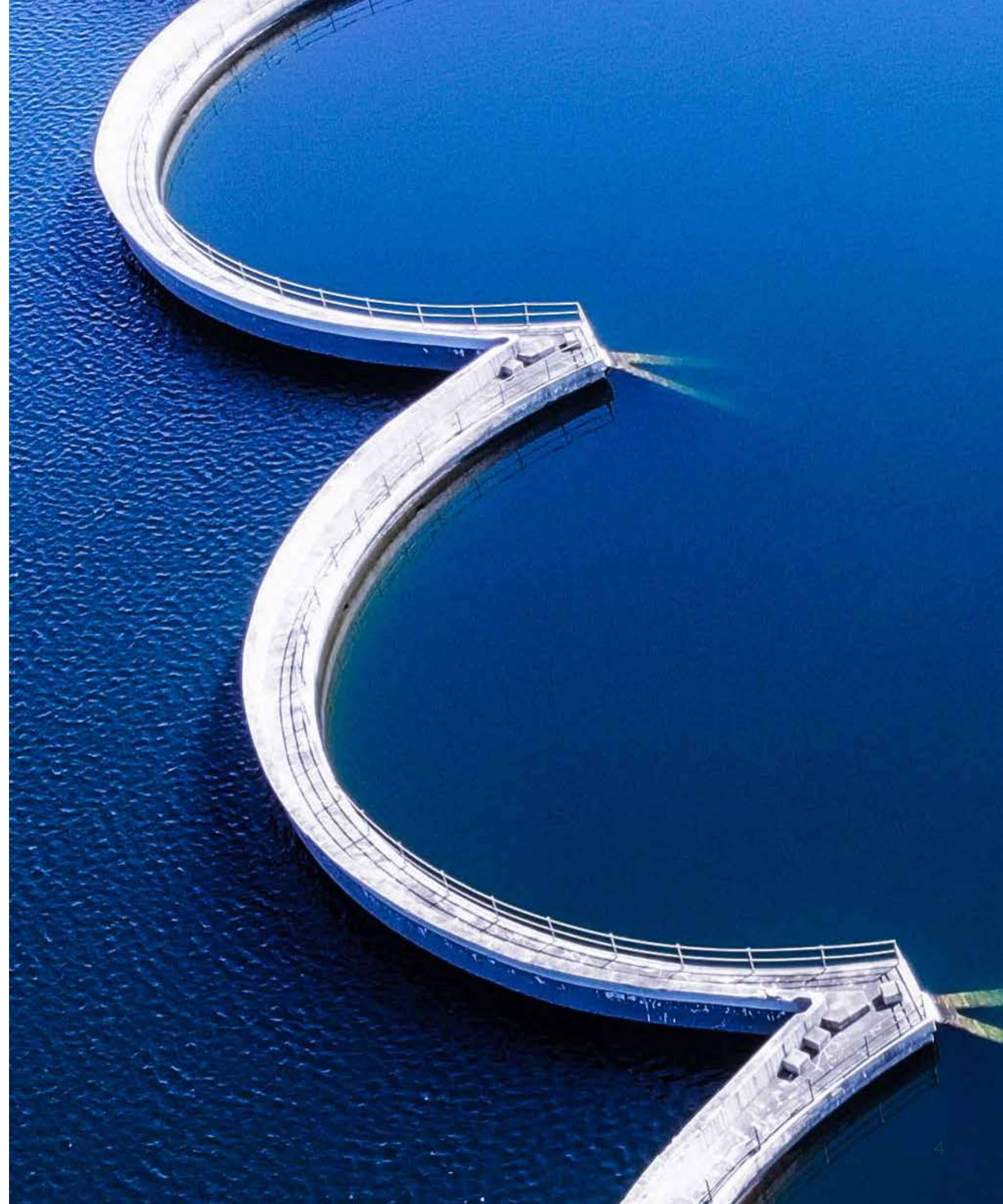
Thank you for reading and taking an interest in our work on sustainability on the path to a renewable and fully electric future.

Finn Bjørn Ruyter
President and CEO



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Hafslund Eco on the path to a sustainable future

Hafslund Eco's goal is to engage in sustainable activity throughout our organization, and to make sure our environmental and social impact is as positive as possible. In this sustainability report, we have emphasized six areas of sustainability where our organization and activities have considerable impact on our environment. In order to realize our vision of a renewable and electrified future, we must make sure our work on sustainability and environmentally friendly solutions succeed.

The group's core activity is to produce clean, renewable energy and deliver smart electrification solutions. This core activity generates considerable socio-economic spin-off effects, creates jobs and supplies clean energy. Society expects an uninterrupted power supply. Hafslund Eco's social responsibility is to generate long-term value through renewable energy, a robust power supply and the development of a smart and fully electrified zero-emission society. Through our core activity, Hafslund Eco therefore plays an important role on the way to a sustainable society, where the use of fossil energy sources is replaced by emission-free renewable energy.

While the group makes considerable contributions to society and the environment, our activity may also have certain negative consequences. The group's activities may involve a risk of injury for employees, contracted workers or other parties involved, and there may be negative consequences for the natural landscape and the environment as a result of waterway regulation. The group has systematic, preventive and targeted health, safety and environmental (HSE) procedures, and we always strive to make the consequences of our interventions in nature as small as possible.



Hafslund Eco's vision and values

Hafslund Eco's vision and values speak to what we want to achieve and how we plan to achieve it.

Our social responsibility:

Generate long-term value through renewable energy, a robust power supply and the development of a smart and fully electrified zero-emission society.

Our vision:

«For a renewable and fully electric future»



Our values:

Open

We appreciate diversity

We appreciate active engagement, passion and high spirits

We share, celebrate each other's success and help each other succeed

Responsible

We shall be respectful and responsible in all that we do

We show confidence and we keep our word

We appreciate quality and honesty

Innovative

Improvements and innovation are a priority

We value action and initiative

We dare to challenge, and we dare to fail

Sustainability strategy

In June, the board of directors adopted a new sustainability strategy with the following strategic objective: Hafslund Eco shall be an industry leader in sustainability in terms of ambitions, measures, results and reporting.

Specifically, this means:

- Hafslund Eco will reduce its own greenhouse gas emissions, as well as emissions from projects and travel, by 95 percent by 2030 compared to 2019 levels.
- The group will actively implement new and existing zero-emission solutions to cut emissions.
- All of Hafslund Eco's facilities shall operate without environmental deviations.
- Provided otherwise equal terms, Hafslund Eco shall strive to work with local service providers and partners.
- Hafslund Eco shall actively pursue opportunities to increase its production of clean, renewable energy, both through new production and through upgrades/expansions of existing facilities.

In addition to striving to make sure the group has a positive impact on its surroundings, it is also our goal to make our sustainability work good for business. Better conditions for loans through green bonds, an improved reputation, becoming a more attractive workplace and seeing a bigger impact from our work on framework conditions are some examples of direct and indirect effects of a strong focus on sustainability.

In the autumn of 2020, the group completed a project aimed at operationalizing the group's sustainability strategy.



Central sustainability areas

Hafslund Eco supports the United Nations’ Sustainability Goals, and the group’s activities have a direct impact on several of these goals. As a producer of hydroelectric power, the group has focused its attention on the sustainability goals where we can have the greatest impact, and has therefore emphasized the following five sustainability goals:



The group updated its materiality analysis on sustainability in 2020. This analysis focuses on factors deemed material for Hafslund Eco’s organization and the group’s stakeholders. The analysis highlights both risks and opportunities, and identified the following six sustainability themes as material for the group attaining its strategic objectives:

- ① Production and availability of renewable energy (#7 and #13)
- ② Impact on nature (#15)
- ③ Sustainable consumption and production (#7, #12 and #13)
- ④ Safety for the surroundings (#8)
- ⑤ Responsible workplace (#5 and #8)
- ⑥ Contributions to the economy (#11)

These prioritized sustainability areas promote several of UN Sustainability Goals, and references to specific goals are given in parentheses.

Each sustainability area is described in more detail in the following chapters, and the chapters outline our principles, current status, and measures, as well as our goals and ambitions for further work in this area.



Sustainability reporting

Hafslund Eco's sustainability reporting complies with the principles of the Global Reporting Initiative (GRI). The sustainability report includes a readers' guide to GRI standards, making it easier to find individual GRI scores. The sustainability data used in the reporting is collected from every company where Hafslund Eco is an operator. In Eidsiva Energi, sustainability is monitored by its board of directors, where Hafslund Eco has three representatives, and is reported as part of Eidsiva Energi's own internal and external sustainability reporting.

In 2020, the group developed a framework for green finance in line with ICMA Green Bond Principles and LMA/SLTA/ALPMA Green Loan Principles. Hafslund Eco's goal for this framework is to meet the requirements for best market practice by ensuring compliance with relevant standards and guidelines in the green finance market. The Center for International Climate and Environmental Research (CICERO) has evaluated Hafslund Eco's green framework and classified Hafslund Eco's work on sustainability as 'dark green', which is the best classification in this scheme. Dark green means that projects and solutions correspond to the long-term vision of a low-carbon and climate-resilient future.

The EU taxonomy is a classification system for identifying environmentally sustainable economic activities. The Taxonomy Regulation, which entered into force in July 2020, specifies that in order for an activity to qualify as environmentally sustainable, it must 1) contribute substantially to one or more of the EU's environmental objectives, 2) not significantly

harm any of the environmental objectives, and 3) comply with minimum safeguards. In other words, it is no longer up to the individual organization to determine whether or not it is sustainable. The delegated acts to this taxonomy have not yet been adopted, but Hafslund Eco is monitoring this process closely, and plans to update its framework for green investments to make sure it is in harmony with the EU taxonomy.

Environmental management and sustainability are an integrated part of Hafslund Eco's management system alongside other important areas, such as economy, quality and working environment.

Contact with stakeholders

Hafslund Eco is dependent on maintaining a good relationship with stakeholders, and therefore works closely with the corporate sector, municipalities and local communities. The group's activities create and protect jobs, safeguard society's supply of clean energy and increase value creation. In this way, Hafslund Eco creates value at a local, regional and national level, while also contributing to reduced greenhouse gas emissions, which has a positive effect globally.

Due to the Covid-19 pandemic, our contact with several stakeholder groups has been somewhat reduced in 2020 compared with previous years.



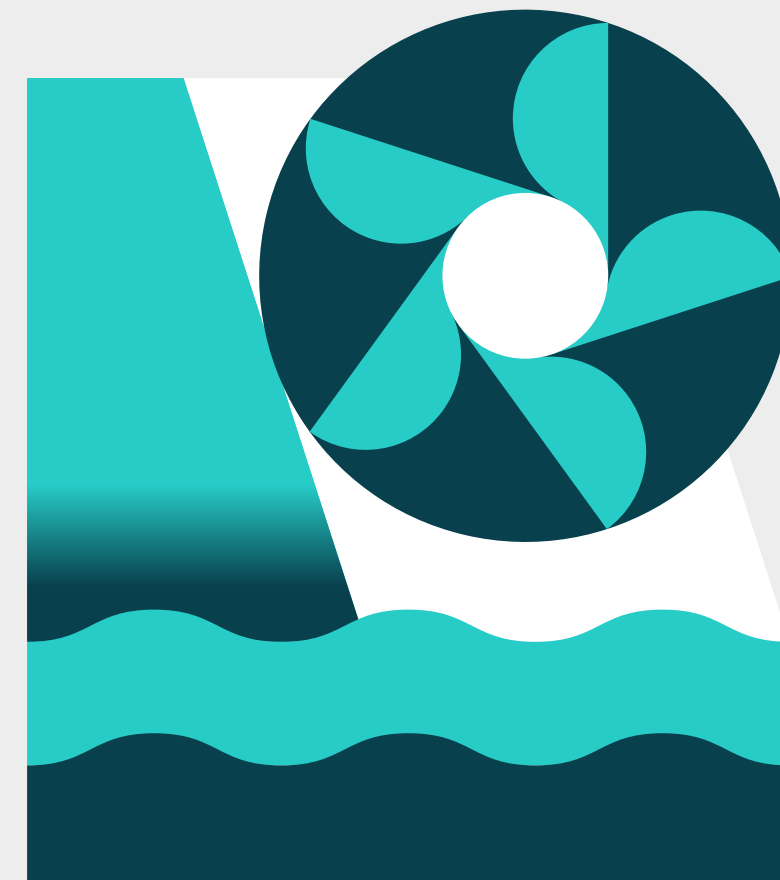
1 Production and availability of renewable energy

Hafslund Eco's principles: Hafslund Eco produces clean, renewable hydroelectric energy. Hydroelectric power is part of the climate solution, and at Hafslund Eco, we are continuously working to increase our power production, and thus also reducing Norway's and Northern Europe's greenhouse gas emissions in the long term.

Production of renewable power is our most important climate contribution. In addition, we want to reduce our own emissions. One of Hafslund Eco's environmental goals is therefore to reduce greenhouse gas emissions from our activities.

Ambition: Hafslund Eco's goal is to increase production of renewable energy, and to safeguard society's supply of clean, renewable electricity.

Indicator	Status	Comment
Production of renewable energy	17.8 TWh ●	Hafslund Eco's share of total production, all power plants
Increased installed capacity	104 MW ●	Both reinvestments and new plants
Increased production, reinvestments	23 GWh ●	Various upgrading projects
Increased production, new plants	315 GWh ●	Nedre Otta (100 percent share)
Charging stations under contract	10 000 ●	Total charging stations under contract, Ladeklar



Risks

Hydroelectric power production is highly weather-dependent, and years with more precipitation will naturally yield a higher production than years with less precipitation. These are factors beyond our control. Factors within our control, however, include new development projects and upgrades to our existing plants, and we are always searching for good projects to realize.

Status and measures

Hafslund Eco shall be an efficient and innovative producer of hydroelectric power . The group owns, maintains, develops and operates hydroelectric power plants, provides system and balance services to the power system, and sells power in the wholesale market. In addition, the group contributes to the development of smart electrification solutions through its innovation and business development activities.

Power production

Hydroelectric power production relies on reservoirs to ensure a stable supply of renewable energy, even in periods with limited precipitation. This way, the group contributes to efficient utilization of hydroelectric resources, as well as to a good balance and quality in the power system.

In order to increase production of zero-emission energy to replace fossil fuel energy, we are always working to increase production through upgrades and new developments. The new Nedre Otta power plant was put into operation in 2020 (see fact box). In addition, we have three other power plants under development (Tolga, Mork and Hinøglå). Tolga is a new underground power station, currently under construction in the Municipality of Tolga in Innlandet County. The project, when completed, will have an annual production capacity of approx. 205 GWh. Construction began in the summer of 2018,

and the power plant will be put into operation in the summer of 2021. Mork power plant is located in the Municipality of Lærdal in Vestland County, and, once completed, will generate 42 GWh per year. Construction began in the winter of 2019, and work on the power station building, electromechanical work within the station, outlet, etc. is on schedule. Work on the tunnel has been delayed as a result of delays involving the tunnel boring machine (TBM) required to build the waterway. This work will be initiated in 2021. Opplandskraft, where Hafslund Eco has a 75 % ownership interest, started construction on the Hinøglå power plant in Skåbu in Innlandet County last year. This is a small-scale power plant with an annual production capacity of 10.5 GWh. It will be put into operation in 2021.

Austri Kjølberget DA is currently constructing Kjølberget wind farm in the Municipality of Våler. The wind farm consists of 13 wind turbines, with a combined capacity of approx. 196 GWh of new, renewable energy. Hafslund Eco has an ownership interest of 20 percent in this company, and our experts have been heavily involved in the project’s development. We are also consulting with the builder on environmental standards and contact with authorities during construction. The plant was connected to the power grid in late 2020, and the first turbines are currently being tested and put into operation.

We have also completed several upgrading projects in 2020. At Hemsil 1, one generator has been replaced, and another is scheduled to be replaced in 2021. These upgrades will increase the plant’s capacity by 9.5 GWh. One generator has also been replaced at the Hafslund power plant this year. This upgrade will yield a moderate production increase of 7.5 GWh as a result of improved efficiency, and the plant’s overall output has increased from 30 to 33.6 MW. At Solbergfoss 1, the last of the old turbines was replaced this year. Overall 12 of 13 turbines have been replaced here in recent years, and the plant’s annual production will increase by 27 GWh. The second generator at

Usta power plant was scheduled for an upgrade in 2020, but due to the Covid-19 situation, this project has been pushed back to 2021.

Toward the end of the year, Hafslund Eco established a 50/50 partnership with Fred. Olsen Renewables, focused on offshore wind energy. Initially, this partnership will focus on applying for licences for the development of offshore wind energy on the Norwegian continental shelf, where the Government is now accepting applications for the development of offshore wind energy in two areas of the North Sea, Utsira North and Southern North Sea II. For Hafslund Eco, offshore wind energy represents an opportunity for growth that works well with our activities in the flexible hydroelectric power segment. We have great faith in profitable offshore wind solutions, combined with a North Sea network with access to several different markets, where Norway can reap the benefits of a link between controllable hydroelectric power and uncontrollable wind energy.

Electrification

Transitioning from fossil fuels to electricity is a cornerstone in the shift to a zero-emission, climate-neutral society. For Hafslund Eco, this electrification of society represents a unique business opportunity. The group plays an especially important role in the electrification of transport. The group is communicating and working closely with several different public transport operators, as well as individual consumers, housing cooperatives and businesses, on the adaptation and installation of electrical solutions.

Our business concept Ladeklar covers the cost of installing charging infrastructure in housing cooperatives and jointly held properties, thus lowering the threshold for electrification solutions for the occupants. Ladeklar

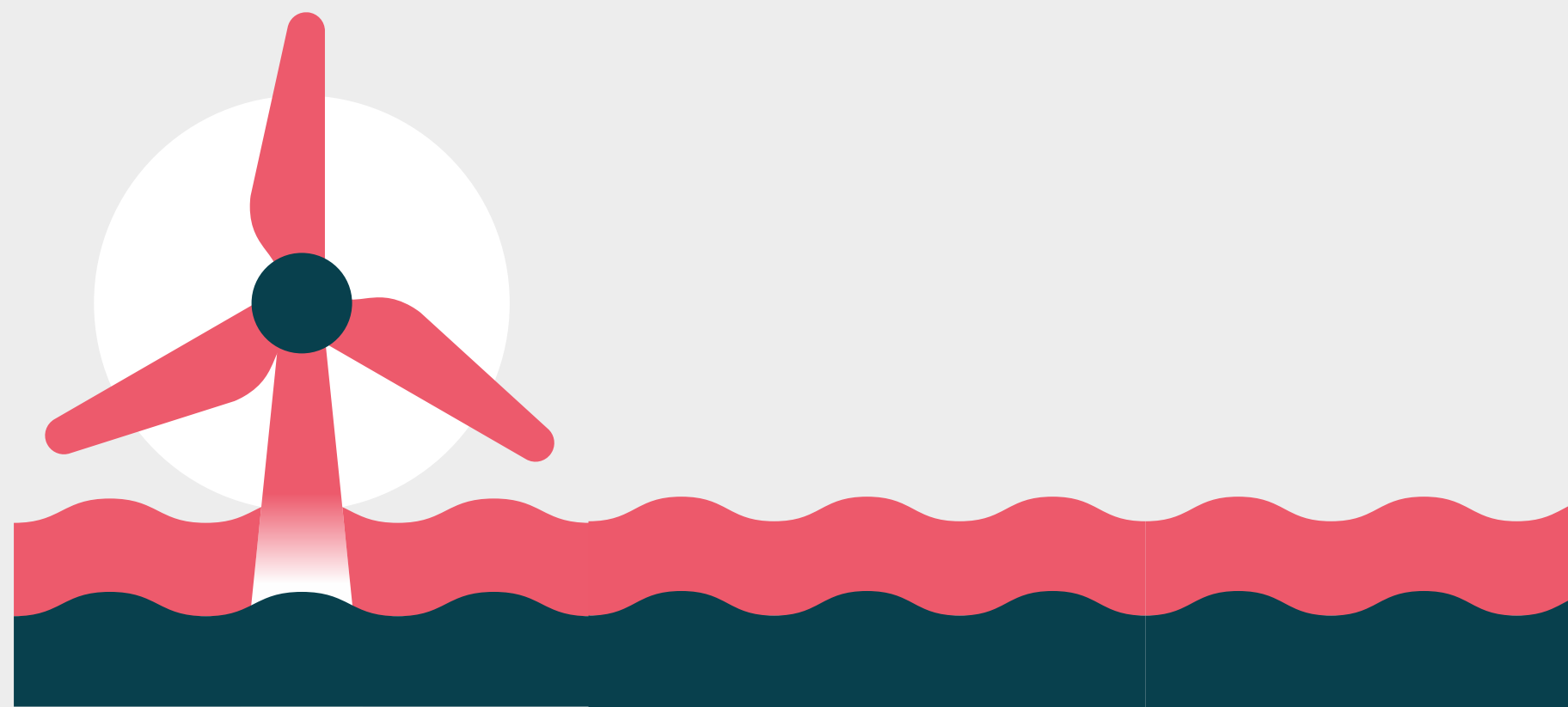
passed the milestone of 10,000 charging points under contract this year, and the organization has been strengthened for further expansion.

Hafslund Rådgivning offers consulting services related to sustainable roll-out of electrical infrastructure and renewable energy technologies. Our consulting activity is well-received in the market, and we have completed around 20 projects to date.

In 2020, Hafslund Eco also started working on facilitating for the establishment of new, green industry in the communities where we have activities, with a special focus on battery cell and hydrogen production.

Power exchange

The group is a co-owner of an inter-country power connection (North-Connect). Increased exchange capacity makes it possible to distribute renewable energy across country borders, thus reducing the use of fossil energy.



Goals and ambitions for further work

Hafslund Eco's goal is to increase production of renewable energy, making sure consumers have a stable supply of clean, renewable electricity. In the next few years, we plan to achieve this by developing and building new power plants, maintaining existing plants and rights, and upgrading existing plants. By continuing and developing existing plants, we are often able to increase production without any new interventions in nature.

In addition, we need to safeguard the existing production, as part of an environmentally friendly power system. In 2021, Hafslund Eco will continue its regular maintenance of all existing power plants.

We will also maintain and expand our electrification activities and work on facilitating for the establishment of new, green industry in Norway.



Nedre Otta power plant completed

Construction on the Nedre Otta power plant in the Municipalities of Sel and Vågå started in October 2016, and the plant was put into operation in June 2020. Hafslund Eco co-owns this power plant with AS Eidefoss. The power plant makes use of the existing intake reservoir for the Eidefossen power plant, and is located underground, approx. 10 km west of Otta.

The power plant will produce 315 GWh of renewable energy, enough to power more than 15,000 homes. The project was completed on time, under budget and without any serious injuries. The project cost NOK 1.2 billion and is among Norway's largest hydroelectric development projects in recent years.

The plant is mostly visible from the Rv15, with a large disposal site for excavated materials near the access to the power plant. This site has been backfilled and levelled out, and in just a few years, there will be little trace of the almost four years of considerable construction work that has taken place here.



② Impact on nature

Hafslund Eco's principles: In power plant developments, reservoir construction, and reinvestments in production activities, every effort shall be made to keep the environmental effects to a minimum, by using knowledge-based techniques and best practices.

Indicator	Goals	Status	Comment
Avoid violations of licence conditions	0	4 ●	In 2020, we detected 4 violations of terms of operation, which we reported to the Norwegian Water Resources and Energy Directorate (NVE). These incidents concerned Aagaardselva, Kjøljuva reservoir, Finsevatn and Rødungen-Nord. The violations were not found to have any permanent environmental consequences, and NVE did not issue any sanctions.

Hafslund Eco's goal is to operate with zero deviations from the terms of operations given in the concessions, or any serious incidents with harmful environment effects. An important tool in this context is the company's internal control system for hydro power plants and regulations (IK-vassdrag), and this type of system is mandatory under the Norwegian Water Resources Act. Hafslund Eco also has a comprehen-

sive monitoring system, whose purpose is to ensure compliance with the conditions of our licences. The monitoring takes place at our operating centrals in Lillehammer and Gol. Compliance with licence conditions and orders from authorities is also important for reducing any negative effects on, or improving, nature. Hafslund Eco is actively contributing to several R&D projects aimed at improving biodiversity in our waterways or in areas directly affected by our regulations.

Risks

The construction, operation and maintenance of hydroelectric power plants will always, to some degree, disrupt local ecosystems. These effects are primarily the result of physical interventions in the natural landscape, land use and impacts on biodiversity as a result of changes in water flow and temperature. In regulated waterways, there is also the added risk of deviations and operational incidents.

There is also some regulatory risk, as authorities may impose orders to limit production, and sometimes these orders have not taken all of the available information into account.

Status and measures

Mapping and monitoring

Monitoring data is important for documenting the environmental status in regulated watercourse. Monitoring frequency, methods and scope varies and must be based on problems and challenges specific to each individual watercourse.

In 2020, Hafslund Eco performed surveys in 12 rivers and five lakes. >>>

These monitoring surveys contribute to essential information and knowledge of the effects and developments in watercourses affected by reservoirs and run-of-river power plants.



Region Aurland

River	Performed by	Type	Comment
Aurlandselvi	NINA	Electrofishing	Part of the monitoring programme for the waterway – fixed stations along the river
Aurlandselvi	NORCE	Electrofishing	Monitoring of focus areas and side branches
Vassbygdelvi	NINA	Electrofishing	Part of the monitoring programme for the waterway – fixed stations along the river
Vassbygdelvi	NORCE	Electrofishing	Monitoring of side branches
Aurlandselvi	NORCE	Snorkling	Counting spawners: performed in August (migration) and twice in October
Vassbygdelvi	NORCE	Snorkling	Counting spawners: performed in August (migration) and twice in October
Aurlandselvi	NORCE	Snorkling	Checking egg survival
Vassbygdelvi	NORCE	Snorkling	Checking egg survival

Region Hallingdal and Valdres

River	Performed by	Type	Comment
Hallingdalselva	University of Oslo, LFI	Electrofishing	Monitoring of main river from confluence Usteåne–Storåne–Krøderen
Usteåne	University of Oslo, LFI	Electrofishing	Monitoring from Ustedalsfjorden – confluence Storåne

Region Lower Glomma

River	Performed by	Type	Comment
Aagaardselva	University of Oslo, LFI	Electrofishing	Monitoring of salmon population – independent monitoring
Aagaardselva	NGOFA	Electrofishing	Monitoring organized by fishing ground stakeholders
Hurdalselva	University of Oslo, LFI	Electrofishing	Monitoring of lake trout population in Hurdalselva and Gjødningelva

Region Innlandet

River	Performed by	Type	Comment
Savalen, tributaries	NINA/in-house resources	Electrofishing	GLB reservoir Monitoring of natural recruitment
Fundin, tributaries	NINA/in-house resources	Electrofishing	GLB reservoir Mapping of natural recruitment
Gausa	“Better use” project	Electrofishing	Fixed monitoring
Gudbrandsdals-lågen below Hunderfossen	“Better use” project	Electrofishing	Fixed monitoring
Vinstraelva	“Better use” project	Electrofishing	Fixed monitoring
Lenaelva	“Better use” project	Electrofishing	Fixed monitoring, recruitment of Mjøsa trout population

Region Hallingdal and Valdres

Reservoir/lake	Performed by	Comment
Strandafjorden	Naturrestaurering AS	Standard test fishing
Lakes downstream of Rødungen Sør	In-house and NINA	Environmental DNA (eDNA) analyses to determine presence of common whitefish in the catchment area downstream of Rødungen Sør.

Region Innlandet

Reservoir/lake	Performed by	Comment
Fundin	NINA	Test fishing using net and electric boat
Raudalsvatnet	“Better use” project	GLB reservoir. Standard test fishing
Mjøsa	“Better use” project/NINA	Fishing from electrical boat. Assisting NINA in national mapping/monitoring project



Spawning fish counts

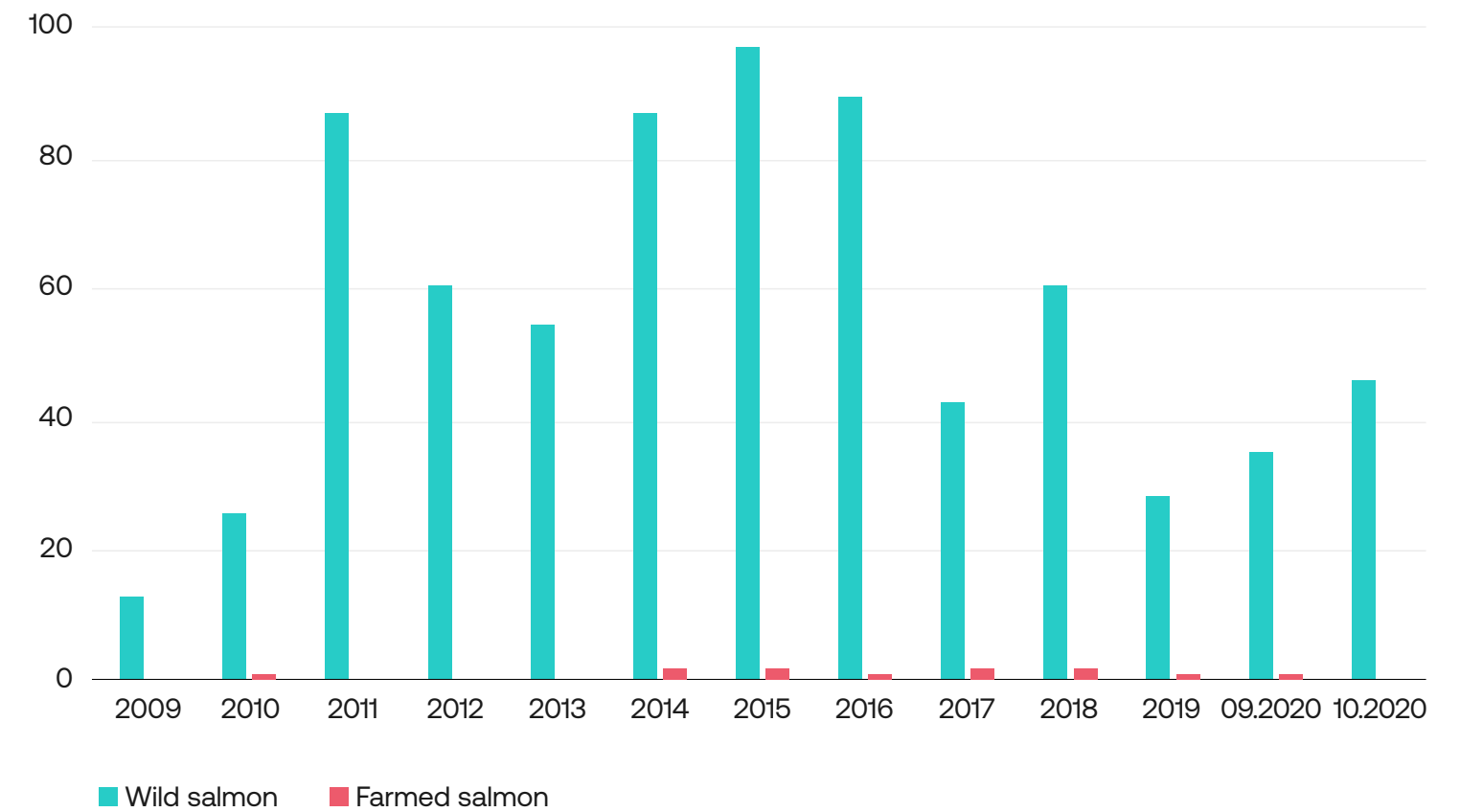
Every year, the number of spawning fish are monitored in the Aurland watercourse. Two counts were performed in 2020 – one in September and one in October. There were no major differences in the number of spawning fish in the two counts performed in 2020, but the September count showed a significantly higher number of immature sea trout than the October count. This indicates that immature trout migrate out of the river and into Vassbygdvannet or out to sea, as they will not be spawning in 2020.

This trend has stabilized at a medium-to-low level. The salmon population remains at a critically low level.

Sea trout



Salmon



Environmental mitigation measures

Over the course of 2020, we implemented a total of six environmental measures throughout Hafslund Eco's operational area.

In Innlandet, we have developed an action plan for fish migration past all power plant reservoirs in Glomma, Renaelva and Trysilelva. A wide range of measures have been implemented and more are still in the planning phase. A strong knowledge base is a prerequisite for good measures, and we therefore installed new, automatic fish counters near Kongsvinger, Sagnfossen and Lutufallet power plants.

In the Vinstra river, immediately downstream of the Bygdin reservoir, we converted an old needle dam into an overflow barrier. The purpose of the dam is to maintain the water level in a section of the Vinstra river, where there is no minimum regulated water flow. Before the conversion, the old dam had problems with leaks, which caused the water level to fall quite low in periods with no precipitation. The dam is fairly accessible, located close to the mountain road and near the Bygdin Høifjeldshotel and other tourism-oriented businesses in the area. The objective of converting this old dam to an overflow barrier is to make sure the water level does not fall too low in dry periods. For the many visitors to the area, the body of water above the dam elevates the visual appearance of this regulated section of river. Hafslund Eco handled the project planning and execution on behalf of GLB, who is the regulation authority for the Bygdin waterway.



In the spring of 2020, a new side branch in the Aurlandselvi was built by Tokvam, and within a few months the vegetation along the side branch was well established. Photo: Bjørn Otto Dønnum



Water level at new threshold, Bygdin. Photo: Tore Sollibråten

In the Aurland watercourse, opening up former side branches is an important contribution to boosting the natural recruitment of salmon and trout in the water system. Results from monitoring of fish populations in the water system indicate that the side branches have high densities of juvenile fish, but that they need to greater variety and adjustments to fulfil habitat requirements. In the spring of 2020, a 300-metre long section was established, creating upwards of 1200 m² of habitat for juvenile fish in Aurlandselvi near Tokvam. A larger side branch has previously been opened up in this area, and the new stream will feed into this. This project was carried out in collaboration with a local contractor, and the design and planning work was performed in collaboration with the research institute NORCE in Bergen. Due to the Covid-19 pandemic, some minor habitat optimization work is still not finished, but this work will hopefully be completed in 2021.

At the Vangen power plant, we have initiated a pilot project, where a small-mesh screen is installed outside the existing intake screen, to prevent fish from entering the intake tunnel (see example page 25).

Voluntary increases in minimum flow

In the Hemsil and Aurland water systems, we have voluntarily increased the minimum flow to safeguard ecosystem processes in sections with elevated environments. In Hemsil, we are releasing water from Eikrebekkdammen and in Aurland, we are releasing water from Aurland 2. In 2020, the costs of these measures has been estimated at NOK 88,500 and 830,000, respectively.

In Gudbrandsdalslågen, we have an ongoing test involving increased minimum flow from Hunderfossen, to observe the effects of increased water flow on the trout population downstream from Hunderfossen. The cost of this measure was NOK 813,000 in 2020.

Introduction of juvenile fish

In Hallingdal, we have an obligation to stock approximately 120,000 juvenile trout. In 2020 only 70,000 juveniles were stocked, and the remaining fish will be stocked in april 2021. In Aurland, the stocking in the mountain reservoirs have been according to plan. In Innlandet the stocking program has been executed with some minor adjustments.

In Aurland, we have stopped introducing smolt, and we are instead introducing fertilized salmon roe. The sea trout population is meeting spawn targets without introducing new fish. We introduced 387,500 fertilized salmon eggs in Aurlandselvi and Vassbygdelvi in 2020.

Environmental inspections

A total of 18 internal environmental inspections were carried out on power plant facilities owned and/or operated by Hafslund Eco in 2020.

We followed up on the establishment of vegetation at the Breidal depot, where we implemented comprehensive measures to improve development in 2019. After a full year, the establishment of ground cover grasses and herbs is well under way. Of the new birch trees with root balls planted across the site, many appeared to have suffered drought damage, but there is still hope they will sprout from the roots, like the old birch plants.

In Hallingdal, we have established a quarry lake (quarry converted to a lake) in connection with renovations of the reservoir at Flævatn. In the summer of 2020, Flævannsdammen overflowed, and prolonged high discharge downstream of this reservoir damaged the quarry lake's inlet and outlet. We have started planning measures to repair this damage.

Discharge was also high in the Urunda river, from Stolsvassdammen to the confluence with Storåne in the upper parts of Hallingdal. The high discharge caused erosion damage at the Urunda depot. Plans for repairing this damage are underway.

An environmental consultant from Hafslund Eco has worked closely with the builders on the construction of Kjølberget wind farm in the municipality of Våler. In 2020, turbines have been installed and some turbines have been put into operations. Restoration of temporarily affected areas has been initiated. At the end of 2020, 10 of a total of 13 turbines had been installed at Kjølberget. Hafslund Eco's environmental consultant ensures environmental inspections are carried out for the builder's activities, consults on issues related to natural and cultural landscapes, and assists the builder in communication with the authorities on matters related to licensing.

NVE performed a small number of environmental inspections in 2020. They performed inspections at the completion of a project converting the secondary dam at Nyheller reservoir/Vetlebotn dam and at the conversion of the Mjåvatn dam. NVE found no deviations.

Deviations from terms of operations

We reported 4 violations of terms of operations to NVE. These violations are linked to Aagaardselva, Kjøljuva reservoir, Finsevatn and Rødungen-North. The violations were not found to have any permanent environmental consequences, and NVE did not issue any sanctions. Incidents that do not constitute violations of terms of operations, but that may have environmental consequences, such as outages at Hunderfossen power plant, are also reported to NVE and the County Governor.

Cultural heritage sites

In order to accommodate and protect cultural heritage sites near reservoirs, roads, etc., these sites need to have been registered before a project is initiated. In connection with the dam conversion project at Mjåvatn in Hallingdal, we became aware of the remains of a turf hut inside the area dedicated to a temporary depot. The depot had been approved by both local authorities and the NVE, but neither agency was aware of this turf hut. The cultural heritage site was not damaged, and additional safeguards were implemented in the area.



Positive signs in re-establishment of vegetation at Breidal depot



Flooding at the Urunda depot

Revision of terms of operations

A final inspection of the regulated watercourse in the Hol-regulation was carried out with the Ministry of Petroleum and Energy (OED) in August 2020. The inspection went well, despite Covid-19 restrictions, and there were several productive recommendations and discussions concerning certain points in the revised document. After the inspection, Hafslund Eco submitted suggestions to amend one requirement for minimum water flow in the winter season, and the municipalities agreed with our suggestion.

The municipalities of Hol and Ål submitted a wide range of requests for new analyses to the OED after the inspection. Hafslund Eco responded to/commented on the municipalities' recommendations to the OED. Our position is that this matter has been thoroughly evaluated by the regulating authority in the revised document and in NVE's recommendation. We believe NVE's recommendations are balanced and acceptable for both power production and public interest. We have pointed out that including reservoir restrictions in the regulations is not appropriate, and that NVE's suggested minimum flow balances benefits and disadvantages fairly well. The municipalities once again emphasized the need for public access portage at Strandavatn, and the regulating authority is determined to resolve this issue.

It has been established that Hemsil 2 will be included in the revised regulations for Hemsil. We have responded to specific enquiries related to

compulsory yield for the Hemsil regulations — indication that this case is in the final stage of processing by the OED.

In 2019, local sports fishing organizations Gausdal Sportsfiskeforening, Storørret Norge, Gausdal Jeger og Fiskeforening, Lillehammer Sportsfiskeforening and FNF Oppland requested a revision of the terms of operation for the regulation of the Raua watercourse be revised. NVE deemed it appropriate to consider revising the terms of operation for the Roppa waterway at the same time, in that these licences were issued at the same time and are related. At NVE's request, the County Governor of Oppland and the Municipality of Gausdal granted the request for revision, submitted by the sports fishing organizations. Hafslund Eco commented on the submitted requests for revisions in a letter to the NVE in August 2020. In February 2021, the NVE informed the licensee that the conditions will be revised pursuant to Section 8 of the Norwegian Act relating to the Regulation of Watercourses. The revision covers the conditions for regulation of the Raua waterway and for the regulation of the Roppa waterway. The requests for revision primarily concern potential measures to improve spawning conditions and survival rates for trout in the lower part of Raua.

There is nothing new to report in the revisions for the Uste-Hallingdal waterway, or the revision of regulations concerning Savalen, Unndalen (Fundin reservoir), or the transfers from Einunna to Savalen or from Glomma at Høyegga.

Pilot project involving fine-mesh screen at Vangen power plant

In Aurland, we are participating in several R&D projects aimed at improving biodiversity (especially for salmon and trout). In late 2020, we installed a new type of “intake screen” at the intake to the Vangen power station, which exploits the elevation drop between Vassbygdvannet and the fjord. Ever since the power station was put into operation, there has been some debate over how this power station affects salmon and sea trout in the waterway.

The new intake screen is a prototype, developed in-house, where the openings have a diameter of 15 mm. The screen has been installed on top of the existing intake grate to prevent fish from entering the tunnel and perhaps migrating out through the turbine (Kaplan). The first section of the screen has been in place for 3 months, and everything seems to be working as intended. Section 2 of the screen will be installed in March 2021, well before the start of the juvenile fish migration.



In conjunction with this new screen, another R&D project is exploring the use of video monitoring and machine learning to determine the extent to which fish actually enter the tunnel, as well as to monitor fish behaviour near the new intake screen. The new screen blocks the fish from entering the tunnel, but we do not yet know how the fish reacts to the new flow pattern near the

new fine-mesh screen. Preliminary results, based on analyses of video footage, indicate no problem; the fish appears to be swimming away from the screen without difficulty after discovering it cannot pass through. The project is right on schedule in terms of testing the equipment and software that will be used to automate the video analysis.



3 Sustainable consumption and production

Hafslund Eco's principles: Hafslund Eco shall be an industry leader on climate and sustainability, in terms of ambitions, measures and results. Hafslund Eco aim to cut greenhouse-gas emissions by 95 percent by 2030, compared to 2019 level, and actively implement zero-emission solution in our effort to attain these objectives.

Indicator	Goal	Status 2020 (2019)	Comment
Reduce direct greenhouse gas emissions (Scope 1)	Reduction	830 (1,004) ●	
Reduce indirect greenhouse gas emissions in relation to energy consumption (Scope 2)	Reduction	192 (236) ●	
Reduce indirect greenhouse gas emissions (Scope 3)	Reduction	1,596 (5,035) ●	This reduction is attributable to reduced project activity compared to 2019.
Increase share of electric vehicles	> previous year	8% (5%) ●	Six electric vehicles were purchased over the course of the year.
Eliminate oil spills from existing facilities	0	3 (3) ●	The total quantity of oil spilled in these three incidents was approx. 50 litres.



Risks

Construction work, as well as daily operations and maintenance, cause greenhouse gas emissions through the consumption of fossil fuels and other materials.

Climate risks

Hafslund Eco monitors and evaluates climate risks across the group and within several risk areas, including operational risk, market risk and regulatory risk. The group’s business model as a producer of renewable energy and provider of electrification services is deemed to be well-prepared for potential climate change, but a changing climate may also entail increased risks, which the group must be prepared to handle.

The group is taking action to reduce physical climate risks wherever possible. At present, we are in the process of rehabilitating several dams. These rehabilitation projects take potential climate change into account and comply with the NVE’s dam security regulations. All dams have a robust construction and strong flood divergence capacities. During operation, we also implement safety measures in regulated waterways and rivers to prevent damage, and to safeguard flood divergence capacity.

The group has developed robust runoff models for our reservoirs and waterways, and these are continually revised and updated. Data and simulations are applied for optimal management of periods with extreme precipitation, and to prevent damaging floods in regulated waterways. We collect and analyse data to determine whether temperature, precipitation and catchment patterns change, and these analysis results are taken into consideration in our R&D activities and model developments, as well as in our physical prevention measures.

Status

Production	17.8 TWh	15.6 TWh
Greenhouse gas accounting, tCO₂-eq		
	2020	2019
Direct emissions (Scope 1)		
Fuel, vehicles and machinery	706	690
Insulation gas, SF ₆	103	278
Indirect emissions from electricity (Scope 2)		
Electricity consumption*	191.5	236
Other indirect emissions (Scope 3)		
Helicopter use	19	17
Air travel	2.5	19
Diesel fuel consumption in large projects	1,597	5,035
Total emissions	2,619	6,275

*In the sustainability report for 2019, the electricity consumption was listed as 1,497 tons CO₂-eq, based on the Nordic mix emission factor. The consumption for 2019 has been recalculated, applying the same CO₂-eq as for 2020. The factor applied is 17 g CO₂-eq/kWh, in accordance with the NVE climate declaration for power supplied in 2019. <https://www.nve.no/energiforsyning/kraftproduksjon/hvor-kommer-strommen-fra> Guarantees of origin are purchased for the company's electricity consumption.



Hydroelectric power is a renewable energy source with the considerable advantage that once a power plant has been built and put into operation, greenhouse-gas emissions are minimal. The Norwegian Institute for Sustainability Research (NORSUS) performed life cycle assessments of a number of Norwegian hydroelectric power plants and calculated that the global warming potential (GWP) for a typical Norwegian power plant is 3.3 g CO₂-eq per kWh (NORSUS, Memo AR 01.19). A life cycle assessment shows total emissions over the course of a product's lifetime, and compared to other energy sources, emissions from hydroelectric power production is very low. Also, Norwegian hydroelectric power production generates significantly less greenhouse gases than this type of power production in other countries, because limited vegetation in the submerged areas leads to limited emissions of CO₂ and methane (CH₄). Based on NORSUS' calculations, we estimate that life cycle emissions from Hafslund Eco's overall production of 17.8 TWh in 2020 is equivalent to approx. 58,700 tons of CO₂. If, for comparison, we recalculate emissions from production based on the European mix with an emission factor of 315 g CO₂/kWh, we estimate that the group's emission-free hydroelectric power production at 17.8 TWh in 2020 constitutes emission savings equivalent to approx. 5.6 million tons of CO₂ per year – about the same as the annual emissions from 2.8 million cars.¹

The greenhouse gas accounting is based on international standards for greenhouse gas reporting, the GHG protocol, and is organized in accordance with the protocol's three emission categories: Scopes 1, 2, and 3. Scope 1 covers direct emissions from sources owned or controlled by Hafslund Eco. Scope 2 covers indirect emissions as a result of our energy consumption. Scope 3 covers other indirect emissions. Indirect emissions are emissions to

¹Nordic Public Sector Issuer's "Position Paper on Green Bonds Impact Reporting – February 2020"

which Hafslund Eco’s activities contribute, but the source of the emission is owned or controlled by a third party.

Hafslund Eco’s greenhouse gas emissions are primarily attributable to fuel consumption, emission of the insulation gas SF6, travel activity, helicopter use and energy consumption. Emissions will vary from year to year, depending on activity levels. 2020 was a different year in many respects. The pandemic forced our organization to work differently – many worked from home, teams were split up, and we did not travel nearly as much. Travelling less leads to reduced emissions, but at the same time, we recognize that the number of kilometres travelled has not necessarily gone down quite as much, due to carpooling restrictions. The greatest reduction in greenhouse-gas emissions in 2020, compared to 2019 is primarily attributable to reduced project activity in 2020. Among other things, our largest project, the power plant at Nedre Otta, was completed.

Environmental emissions

In 2020, we had three incidents involving oil spills. One of these incidents involved the grate cleaner at Hol 2, and the estimated quantity of oil spilled was 20 litres. The second incident happened at Nes power plant and involved a malfunction in the regulator of generator 2. Approx. 30 litres of oil spilled into the room, but the amount of oil that entered the sump was negligible. An inspection showed no sign of oil in the sump. The incident reports for both incidents in Hallingdal concluded that the scopes of these incidents were minimal, with no measurable negative consequences for the water environment. At Hunderfossen, there was a third incident involving a grate cleaner, but this spill was intercepted before any of the spilled substances could enter the waterway.

Chemical substance index

Hafslund Eco has a dedicated procedure for the handling of chemical substances. This procedure is in the process of being revised and updated. We are also in the process of appointing a chemical team with a representative from each power production area. This team will be tasked with conducting risk assessments of both new and old chemical substances, finding more environmentally friendly alternatives to chemical substances already in use, and making sure that the number of chemical substances we order and use is kept as low as possible. Last year, we began the process of auditing our chemical substance index, which included more than 2,400 unique products. Now, the index includes 1,694 unique products. We were able to discontinue our use of more than 700 chemical substances in 2020.

Circular resource management

The operation and maintenance of Hafslund Eco’s power plants generate waste, which is sorted in accordance with local systems for waste management. It is our goal that as much as possible of all waste generated be sorted at all of our locations. Hafslund Eco has plants and facilities across most of Southern Norway. We have collected reports from the different waste management companies, but due to the considerable local variations in waste management and sorting, it has been difficult to compile an overall image of waste sorting quantities and rates across the year.

Hafslund Eco prioritizes waste sorting in all projects and aims for a waste sorting rate of no less than 85 percent. Our results for 2020 show a waste sorting rate of 85.8 percent for the projects it has been possible to compile data from.²

² Tolga, Nedre Otta, Vettlebotn dam conversion and Mjåvatn dam

Measures

There is potential for reduced emissions in several segments of Hafslund Eco’s activities, and our goal is to reduce our own greenhouse-gas emissions (Scope 1) and emissions from projects and travel activity (Scope 3) by 95 percent by 2030, compared to 2019 levels. We are working on identifying potential measures to bring these emissions down, and in 2020, we developed a road map for Hafslund Eco to become a zero-emission company. This document outlines a wide range of measures across 13 different categories, from travel policies to acquisitions as a tool for reduced greenhouse-gas emissions. Hafslund Eco will continue its work on implementing these measures in order to achieve our zero-emission goals. Restrictions imposed as a result of the Covid-19 pandemic showed us that it is entirely possible to drastically reduce meeting-related travel activities across locations. Hafslund Eco is a company that spans considerable distances and several different regions, and we will definitely keep these lessons in mind going forward.

In addition to reducing travel activity in general, we have also developed a plan for transitioning to a fossil-free fleet of vehicles, insofar as this is practically possible (see example).



All group vans and passenger vehicles shall be electric by 2025. Shown here is an electric minibus in Aurland

Transition to electric vehicles

Hafslund Eco’s guidelines on vehicle purchases and use stipulate that all vehicle purchases shall be electric whenever possible. At the end of 2020, the share of electric vehicles was eight percent, and we have prepared a plan for transitioning to a fully electric vehicle fleet by 2025. In addition, there are charging stations at all of the group’s workplaces and several of the power plants.

4

Safety for the surroundings

Hafslund Eco's principles: Hafslund Eco shall strive to ensure that its activities do not cause increased risk of injury or incidents for the general public. Hafslund Eco shall actively regulate waterways so as to reduce the risk of flooding.

Indicator	Goal	Status	Comment
Injuries and incidents involving third parties as a result of company activities	0	0 ●	At Strandfossen, a man jumped the fence in an effort to retrieve his dog. The man did not suffer any injuries.
Number of floods with recurrence intervals > 50 years	0	0 ●	

Risks

Hafslund Eco's activities entail an increased risk of accidents and incidents involving the general public. The waterways managed by Hafslund Eco are used for hiking, sports and recreation, while also being part of Hafslund Eco's production facilities, and thus affected by Hafslund Eco's activities. Facilities in the waterways may therefore cause risks that differ from other risks the general public generally encounter while interacting with nature.



Status

There were no injuries or accidents involving any third party as a result of the group’s activities in 2020. Hafslund Eco maintains stringent security measures in and around its waterway facilities. The most common security measures include fences, barriers and posted signs. In areas where ice may be weakened, we erect temporary fencing and warning signs every winter. In addition, we post information online as well as notices in local newspapers and other channels, informing readers that the ice on regulated lakes and rivers may be weak. There were no injuries or accidents involving third parties in 2020.

Waterway facilities also contribute to keeping the environment safer. Reservoirs mitigate floods and reduce the risk of flood damage in the waterways. Hafslund Eco actively uses reservoirs to reduce and level out flooding in periods of heavy precipitation and runoff. We communicate closely and regularly with NVE, regulatory agencies, public authorities and affected parties in connection with drawdowns and in flooding situations.

The hydrological year

Hallingdal and Aurland

In both Aurland and Hallingdal, snow accumulation at winter’s end was much higher than normal. On 1 May, when the snow accumulation is normally at its peak, it was 47 percent higher than normal in Aurland and 36 percent higher than normal in Hallingdal. May was cold, which delayed the snow melt. When the melting then got started, it resulted in high runoffs for a period of seven weeks. In Hallingdalselva, spring flooding culminated at a level near medium

flooding. The autumn was rainy. Hallingdalselva was at its highest level of the year on 5 October. Both in Aurland and Hallingdal, summer runoffs were in excess of 30 percent above normal.

The wet autumn led to high reservoir levels in both Aurland and Hallingdal at year’s end. In Hallingdal, the level was record high. At year’s end, snow accumulation in Aurland was 10 percent lower than normal, whereas in Hallingdal, it was 25 percent higher than normal. Both in Aurland and Hallingdal, annual runoffs were approx. 30 percent higher than normal.

Innlandet and Glomma

2020 was characterized by unusually high runoffs late in the year, which, in combination with problems with the shutter at Sarpefossen, led to high water levels in Øyeren and Mjøsa. Annual runoffs into the waterway were approx. 20 percent above normal. Maximum snow accumulation was reached in early April, and at the time, snow accumulation was approx. 15 percent above normal. Spring flooding culminated at or below medium flooding. In Gudbrandsdalslågen and Mjøsa, the flooding culminated around the level for 5-year flooding. Summer runoffs were around normal, but after an unusually dry September, runoffs increased dramatically, resulting in the highest autumn runoff (October–December) since 2000.

The unusually high autumn runoffs, in combination with accommodations made for workers at Sarpefossen, led to reservoir levels at year’s end almost 50 percent above normal, which is the highest overall reservoir level we have ever seen at year’s end. Snow accumulation at year’s end was around normal levels for the waterway as a whole.

Measures

We regularly conduct risk and sensitivity analyses focused on safety for the general public. Hafslund Eco is an active developer with many projects; we convert old dams, rehabilitate existing structures, and build new power plants and network infrastructure. In all of our projects, we go to great lengths to protect the safety of the general public by putting up signs and barriers and develop procedures to make sure all activity is contained to clearly defined construction sites. We also perform safe job analyses (SJAs) for all jobs, and these analyses include assessments of third-party risks. Hafslund Eco owns and operates many electric installations in connection with its power plants. For these installations, too, signs, fencing and safety measures protecting the general public are important.



Active regulation of the Hallingdal waterway in the spring and summer of 2020

Record-high snow accumulation and late snow melting led to high runoffs and water levels, and the risk of flood damage was considerable. Hafslund Eco made sure to get permission to deviate from waterway regulations in this period. At Finsevatn, we saw 50-year flooding out of the reservoir. By utilizing the buffering capacity of our reservoirs, Hafslund Eco was able to keep water levels below flood damage levels further down the waterway.

In early summer, mountain reservoirs held back water equivalent to a water flow of 400 m³/s. Calculations indicate that without this regulation, water flow could have reached 1000 m³/s in the lower part of Hallingdal. This is equivalent to water levels higher than that defined for a 100-year flood.



5 Responsible workplace

Hafslund Eco's principles: Through a systematic focus on developing a robust HSE culture, Hafslund Eco shall be a safe workplace for the group's own employees, contracted personnel and the local environment.

Indicator	Goal	Status	Comment
Prevent injuries and accidents	0 injuries	14 injuries ●	2020 was a challenging year, with a higher number of injuries than last year. Several of these injuries affected service providers working on our facilities, and we have implemented measures for closer follow-up of project service providers.
Reduce sickness absence	< 3,5%	2,2% ●	Our sickness absence in 2020 was low, despite a challenging integration process and the Covid-19 pandemic.

Hafslund Eco aims to be a safe place to work, and the group's activities shall not cause accidents, injuries or other loss. The group has a vision zero for injuries and aims to keep sickness absence below 3.5 percent.



Risks

The group’s project, operational and maintenance activities entail some risk of injury and accidents for our employees and any contracted personnel. These risks are primarily related to work performed in the mountains under varying weather conditions, on live electric systems, or elevated from the ground, or to work involving heavy lifting, heavy equipment or transport.

Status and measures

HSE

In 2020, the group had 14 injuries, including service providers, of which 9 led to absences.. The number of injuries per million hours worked (H2) for 2020 was 13.4, compared to 8.1 in 2019. One of the accidents was serious, involving a pinch-point injury in connection with manual rotation of a generator. The number of injuries is much higher than our goal.

We appointed a new HSE manager this year, and also completed an internal HSE audit, with an external consultant. We are working on mapping out lessons from incidents and accidents, and are also developing measures to reduce the number of injuries to both our own employees and the employees of suppliers. Among other things, we are setting up an exchange of experiences after HSE incidents, where we analyze the incident to find the immediate cause and any underlying causes for the incident, to prevent it from happening again. These experiences are shared with all employees through the group’s internal channels of communication.

Sickness absence in Hafslund Eco was 2.2 percent in 2020, compared to 2.3 percent in 2019. This is a satisfactory result, especially taking into account the challenging integration process the group has completed, and the Covid-19 pandemic. In order to reduce sickness absence rates, we have im-





plemented a wide range of measures, including training for managers on how to follow up on employees on sick leave, and target measures aimed at individuals.

Employees and equality

The group had 434 employees at the end of 2020. All of our activities shall be based on our core values: Open, responsible and innovative. The group’s management and employee organizations collaborate well and constructively contributes to the group’s development.

The group aims to be an attractive workplace, and we strive to promote a working environment based on loyalty and trust, as well as a culture that attracts and develops competent and motivated employees. We regularly conduct large-scale employee surveys, normally every two years, in order to gain insight into how our employees feel and think about their jobs and our corporate culture.

At the end of 2020, the group had 22 percent female employees, up from 19 percent in 2019, and our group management consisted of two women and five men. The number of part-time employees is limited. We have hired consultants and other contracted personnel to meet increased demands and add expertise as a result of integration activities. Our efforts to promote a more equal distribution of women and men and increased diversity will continue through targeted recruitment, internal development programmes and competence building. Hafslund Eco does not discriminate on grounds of gender, ethnicity, national origin, background, skin colour, language, religion or philosophies of life in matters such as salary, promotion and recruitment.

Competence

A leading competence environment is an essential factor for success, building competence in existing employees and attracting new expertise. The group aims to develop one of Norway's leading expert communities on hydroelectric power production.

The group takes a systematic approach to management and employee development, in an effort to promote competence-building. Due to Covid-19 restrictions, in person seminars have been limited this year, and we have instead organized digital seminars. Hafslund Eco has developed its own development programmes, and in 2020, the group's talent development programme GNIST had 9 participants. Our work on strategic competence-building, company-wide development processes and strengthening critical competence in our various areas of expertise will continue.

Ethics

The company's code of conduct inform our work in the areas of ethics and anti-corruption. In an official activity, all employees must treat colleagues, business associates, clients and others with respect and integrity.

Under the terms of Hafslund Eco's code of conduct, all employees and directors must make every effort to avoid situations where their personal and/or financial interests may come into conflict with the group's interests. To facilitate for the reporting of ethical concerns, Hafslund Eco has established a dedicated notification channel, managed by an independent third party.

Responsible supply chain

Promoting a responsible workplace does not end with the group's own employees. Hafslund Eco is committed to maintaining the highest ethical standards in all of its activities. Among other things, this is manifested in one of the group's core values: responsible.

Hafslund Eco has implemented the Oslo model, which is an umbrella term for a wide range of ethical standards applied in contract terms and conditions for goods, services, and construction. The group requires strict contract terms and conditions for all suppliers in all segments. All suppliers and sub-suppliers must comply with nationally and internationally recognized principles and standards (concerning human and worker rights, corruption, and health, safety and the environment). The group purchases shall comply with principles of good faith and fair dealings.

Hafslund Eco has developed a supplier code of conduct based on international ILO and UNI conventions. Choosing the right suppliers and partners is essential in promoting a sustainable industry, and Hafslund Eco wants to assume greater responsibility for environmental and social consequences in the value chain of which the group is a part. Our work aimed at influencing suppliers and partners to reduce emissions, make better environmental choices and build a better society continued in 2020.

The group’s purchasing guidelines include:

- Hafslund Eco shall, insofar it is possible, work with suppliers to find good environmental and climate-friendly solutions.
- The supplier shall make sure that all equipment used in waterways has been allowed to dry completely, or has been disinfected, to prevent organisms from spreading between waterways.
- All of Hafslund Eco’s suppliers must be registered in UNCE (formerly Selicha), and Hafslund Eco will not work with suppliers who do not have an environmental management system.

Hafslund Eco has adopted standards for socially responsible purchasing to prevent work-related crime and social dumping in the construction industry. These standards aim to ensure decent employment conditions for employees and contracted workers, limit the number of links in a supply chain and promote recruitment of apprentices and trained personnel to the industry. These standards were well-received by our suppliers, and in 2020, all suppliers have been monitored for compliance with these requirements and standards. This means that compliance has been monitored by the UNCE system, but due to the Covid-19 pandemic, audits have been limited.



Campaign to increase observations

We have completed activities aimed at increasing the number of observations. Research indicates that by increasing the number of reported incidents or observations, it is possible to raise awareness of good HSE practices and reduce the number of injuries and accidents. In February 2021, we initiated our campaign “Hold hodet kaldt – rapportér alt!” (Stay cool – report everything). This campaign aims to raise awareness of how important it is to report incidents and suggestions for improvements to reduce the risk of serious injuries and accidents. The campaign is applied at all levels of the organization.

6 Contributions to the economy

Hafslund Eco's principles: Hafslund Eco wants to be an important contributor to the local community wherever we operate, and we prioritize local service providers and partners whenever possible.

Indicator	Status	Comment
Local taxes	NOK 503 million	The group contributes property taxes, natural resources taxes, licence fees and compulsory yields of power to local authorities.
State taxes	NOK 1,903 million	Resource rent tax, income tax, licence fees and employer's contributions
Dividends to owner	NOK 700 million	Dividend paid to the City of Oslo

Hafslund Eco's activities create value in the local community. Owners receive dividends, employees receive salaries and authorities at both local and national level receive revenues through taxes and fees.

We prioritize working with local service providers and partners whenever possible. Using local service providers puts less strain on the environment and local infrastructure, while also safeguarding local jobs.



Indirectly, Hafslund Eco contributes to value creation in the municipalities where we produce our power. The company operates, develops and maintains existing and new facilities. This creates added value by purchasing goods and services from local suppliers, service providers and partners.

Risks

Like the group’s annual profit or loss, the group’s contributions to the economy fluctuates in response to production volumes and electricity prices. The share of local purchases varies in response to available local expertise and supply capacities.

Status

The State of Norway is the largest recipient of revenues from taxes and fees, and In 2020, the group paid NOK 1.9 billion in resource rent tax, income tax, licence fees and employer's contributions.

Taxes and fees paid to host municipalities

In 2020, Hafslund Eco contributed a total of NOK 420 million in natural resources tax, property tax and compulsory yields of power. Of this, the natural resources tax accounted for NOK 214 million, property tax accounted for NOK 227 million, and the value of compulsory yields of power was the equivalent of NOK -17 million. Approx. 70 municipalities received contributions from Hafslund Eco in the form of taxes and fees in 2020. Of these, 12 municipalities received more than NOK 10 million, and 23 municipalities received more than NOK 1 million.

In addition, the group’s total licence fees were NOK 100 million, of which the State of Norway was the largest recipient, with NOK 20 million, and the Municipalities of Aurland, Vang and Hold received NOK 16, 15 and 11 million, respectively.

Natural resources tax	Property tax	Value of compulsory yields of power*	Licence fees	Total
214	227	-17	79	503

All figures in NOK millions. The table includes all taxes and fees paid by all power plants in the Hafslund Eco group.

* Due to extremely low electricity prices in 2020, the value of the compulsory yields of power have been drastically reduced, thus resulting in a negative value for 2020.

Dividends to owner

Hafslund Eco is wholly owned by the City of Oslo. In 2020, the group paid dividends to the City of Oslo in the amount of NOK 700 million. These dividends are for the 2019 accounting year and took into account falling prices, poor market prospects and uncertainties associated with the Covid-19 pandemic, even though the 2019 accounting year showed strong results.

Compensation paid to private parties

The development of hydroelectric power plants and regulating installations often trigger compensations payable to private parties at amounts based on discretionary assessments. In 2020, Hafslund Eco, including subsidiaries and regulation associations, paid compensations totalling approx. NOK 39 million.

The largest compensation amounts were paid to commons and large land owners (who may be co-ownerships). The largest of these was the Aurland commons, which received NOK 270,000 in 2019.

Investments

Net investments totalled NOK 688 million, including completion of the Nedre Otta power plant, as well as the Tolga and Mork power plants, which will be put into operation in 2021.

The group's investments create value locally, in the form of activity for local contractors and service providers and the purchase of goods. The group's investments vary from year to year, but we expect considerable reinvestments in dam and regulation installation upgrades in response to orders from authorities in the years to come. The share of local purchases also varies, from approx. 10 percent for pure turbine upgrades to upwards of 30 percent in dam rehabilitation projects.

Measures

In several of the group's projects, contracts are designed to allow for partial deliveries from local suppliers and service providers. In connection with large projects, we meet with local chambers of commerce and similar organizations to provide information about the types of goods and services we will need in connection with the project.



Local construction firm Ottadalen Anlegg AS was actively engaged in the project, with a considerable turnover in connection with tunnel construction for the Nedre Otta power plant.

Measures to increase local project purchases

In connection with the development of the Nedre Otta power plant, we organized two meetings with Nord-Gudbrandsdal chamber of commerce, where we informed them of the types of goods and services we would be needing locally. A wide range of local businesses took part in the project, and approx. 35 percent of the man-hours provided by the project's main contractor Skanska, were performed by local service providers. The project purchased goods and services locally for a total of approx. NOK 180 million.



i Indicator index

Sustainability area 1: Production and availability of renewable energy

Sub-area	Goal	Unit	2020 value	Comments and explanation	GRI
Produce renewable energy	Production of renewable energy	GWh	17,800		
	Production of guarantees of origin	GWh	17,000		
	Production of electricity certificates	GWh	800		
	Minimize production loss as a result of revised conditions	GWh	0		
	Hydroelectric power has a good reputation in the population	Percentage	86	TNS Kantar climate barometer 2020	
Invest in renewable energy	Increase installed capacity	MW	103.8	This figure reflects 100% of installed capacity. Not limited to our ownership interest.	
	Specify reinvestments in production facilities	GWh	23.3	Usta, Mesna, Hemsil 1 power plants	
	Specify investments in new production	GWh	315	No deductions for reduced production at Eidefoss power plant as a result of Nedre Otta being completed.	
	Specify plans for renewable energy projects	MW and GWh	Frosen: 5 MW and 26 GWh Transfer to Osensjøen: 20 GWh	Frosen power plant and transfer from Østre Æra and parts of the Flisa waterway to Osensjøen.	
Provide electrification services	Reduce greenhouse-gas emissions from vehicles	Tons CO2eq	420	700,000 kWh charged in 2020. Fossil-free km=kWh/0.2 (0.2 kWh/km) CO2 savings = Fossil-free km x 1.2/10 (120 g/km). $700\ 000/2 \times 1,2/1000 = 420$ tons	
	Electrification of society	NOK million	42	Investments in charging infrastructure.	

Sustainability area 2: Impact on nature

Sub-area	Goal	Unit	2020 value	Comments and explanation	GRI
Biodiversity	Affected rivers with anadromous fish	Quantity	4	There are 4 rivers with salmon and trout populations that are, to varying degrees, affected by our regulations: Aurlandselva and Vassbygdielva in the Aurland waterway, Flåmselva in the Flåm waterway, and Glomma, with side branch Aagårdselva, in the lower Glomma waterway.	
	Affected national salmon rivers	Quantity	1	The Flåm waterway is a national salmon waterway. In Flåmselva, salmon and sea trout migrate some distance past the outlet from the Leinafoss power plant. Hafslund Eco contributes to monitoring of the river, and in 2021–2021, there is a monitoring project focused on gas super-saturation in the river. Preliminary results show no indication of gas super-saturation from the power plant outlet, but some values show high saturation in the section upstream from the power plant.	
	Bodies of water (lakes) categorized as HMWB	Quantity	76		303-2
	Bodies of water (rivers) categorized as HMWB	Quantity	93		303-2
Environmental considerations in developed waterways	Specify number of deviations from licensing conditions reported to NVE	Quantity	4		307-1
	Environmental inspections performed	Quantity	18		307-1
	Environmental measures implemented	Quantity	6		304-3
	Fish surveys completed	Quantity	17	12 rivers and five lakes	307-1
	Compliance with orders to introduce juvenile fish over time	Quantity	210,900	In Hallingdal: 70,000, Aurland: 31,900, Innlandet: 109,000	307-1
	Compliance with orders to introduce salmon roe	Quantity	387,500	Fertilized salmon roe introduced to Aurlandselva and Vassbygdielva	307-1
	Help protect salmon and lake trout populations in our regulated waterways	Quantity	9	Salmon waterways: Flåmselva, Aurlandsvassdraget, Aagårdselva and Glomma below Sarpsfossen. Lake trout waterways: Gudbrandsdalslågen below Hunderfossen, Gausa, Dokka, Hurdalselva	304-3
	Voluntary increases in minimum flow to protect fish populations	NOK	1,731,500	Hemsil: 88,500 Aurland 2: 830,000 Hunderfossen: 813,000	304-3
	Restore formerly regulated waterway facilities to a more natural state	Quantity	0	Application submitted to NVE for one facility	304-1
Number of deviations from licensing conditions reported to NVE	Quantity	4	<i>Regulation violations linked to Aagårdselva, Kjøljuva reservoir, Finsevatn and Rødungen-North. Reports also submitted to NVE and the County Governor upon discovery of incidents that do not constitute violations of licensing conditions, but that may have environmental consequences, e.g. Hunderfossen power plant.</i>		
Migrations using fish ladder and migration patterns. Fish ladders with monitoring.	Quantity	9	<i>Monitoring equipment has been installed in 9 fish ladders in Innlandet in response to orders issued by the County Governor. The monitoring equipment was installed in the period 2012–2020.</i>		

Sustainability area 3: Sustainable consumption and production

Sub-area	Goal	Unit	2020 value	Comments and explanation	GRI
Greenhouse gas emissions	Reduce direct greenhouse-gas emissions	Tons CO ₂ eq	830.5	Scope 1 emissions.	305-1
	Reduce indirect greenhouse-gas emissions in relation to energy consumption	Tons CO ₂ eq	191.5	Scope 2 emissions. Electricity consumption in 2020 was 11.3 GWh. The factor applied is 17 g CO ₂ eq/kWh, in accordance with the NVE climate declaration for power supplied in 2019: https://www.nve.no/energiforsyning/kraftproduksjon/hvor-kommer-strommen-fra/ . Guarantees of origin are purchased for the company's own electricity consumption.	305-2
	Reduce other indirect greenhouse-gas emissions	Tons CO ₂ eq	1596.8	Scope 3 emissions. Emissions are closely connected to the group's project activities.	305-3
	Document that existing hydroelectric power production has low greenhouse-gas emissions.	g CO ₂ /kWh	3.33	Source: https://norsus.no/wp-content/uploads/AR-01.19-The-inventory-and-life-cycle-data-for-Norwegian-hydroelectricity.pdf	
	Increase share of electric vehicles (group vehicles)	Percentage	8	Six vehicles have been replaced with new, electric vehicles in 2020.	
Environmental emissions	Eliminate oil spills from existing facilities	Quantity	3	Nes power plant — negligible quantity from a total spill of approx. 30 litres in regulator of generator 2. Emissions to waterway of approx. 20 litres from grate cleaner at Hol 2. Incident involving a grate cleaner at Hunderfossen did not lead to emissions to the waterway.	306-3
	Prevent other accidental emissions	Quantity	0	No emissions of potentially harmful sediment, etc. from dams and inlets reported.	306-3
	Compliance with substitution obligation for chemical substances	Quantity/year	700	Reduction of more than 700 chemical substances in 2020.	306-3
Adapt to and prepare for climate change	Fulfil company's obligations for power supply preparedness	Quantity/year	Yes		
	Describe critical waterway situations in preparedness plans	Quantity	1	Preparedness plans were implemented at Sarpsfossen in October in response to sector gate failure at the Sarpsfoss dam.	
	Upgrade dams and inlets to comply with new climate requirements	Mention	Yes	Company complies with Dam Safety Regulation requirements for waterway installation inspection and audits. In adjustments to measures in response to reviews, etc. NVE's climate factor guidelines have been applied.	
	Safeguard flood divergence capacity in regulated waterways	Quantity	1	No incidents reported in 2020	
Circular resource and waste management	High share of waste sorting	Percentage	85.8	85.4 percent for Tolga and 83 for Nedre Otta (figure for Tolga covers entire construction period: 2019–2020). 92 percent for dam conversion at Mjåvatn and 83 percent for dam conversion at Vettlebotn and secondary dam for the Nyheller reservoir.	306-2
	Company energy consumption	Million MJ	73.6		302-1
	Electric energy share of total energy consumption	Percentage	55		302-1

Sustainability area 4: Safety for the surroundings

Sub-area	Goal	Unit	2020 value	Comments and explanation	GRI
Public safety	Minimize risk of third-party injury	Quantity	0	No third-party injuries	403-2
	Incidents reported to NVE (accidents and incidents), cf. NVE report template, Section 7-11 of Dam Safety Regulations	Quantity	2		
	Completed RVA analyses focused on public safety, cf. Section 7-6 of Dam Safety Regulations	Quantity	3	The completed RVA analyses cover many facilities.	403-2
	Incidents reported to DSB (accidents and incidents), cf. reporting template, Section 8 of the Safety regulations related to the maintenance and operation of electrical installations	Quantity	0	No incidents reported in 2020.	
	High standards for internal preparedness and flood management	Quantity	14		
Reduce flooding in waterways	Submit application for deviation from regulations or obligation to reduce risk of flood damage in good time	Quantity	11	Applied for deviations for several reservoirs in connection with flood management, as well as several deviations for Mjøsa and Øyeren in connection with shutter problems at Sarpefossen.	
	Register and describe the year's floods	Quantity		See chapter 4 for description.	
	Notify public of drawdowns in accordance with established procedures	Quantity	1	In connection with Ustevatn filling up, notification of earlier transfer to Rødungen South was issued. Notice in Hallingdølen.	
	Ensure good dialogue with regulatory agencies and NVE in connection with floods.	Mention		During spring flooding, regulating agencies communicate closely with NVE, and the same need presents itself in the autumn. Hafslund Eco chairs GLB (Glommen og Laagens Brukseierforening) and FHR (Foreningen til Hallingdalsvassdragets regulering) and is represented in FBR (Begnavassdraget) and RDS (Drammensvassdraget)	

Sustainability area 5: Responsible workplace

Sub-area	Goal	Unit	2020 value	Comments and explanation	GRI
Decent employment conditions	All employees must take part in performance reviews and development discussions.	Mention		All employees must take part in performance reviews and development discussions, but there has been no coordinated process where group-wide figures for 2020 were reported.	
HSE in the workplace	Minimize injuries	LTI	8.6		403-2
	Minimize injuries	TRIF	13.4		403-2
	Minimize injuries	DISR	231		403-2
	Record observations in effort to reduce unwanted incidents	Quantity	801		
	Reduce sickness absence	Percentage	2.2		
Decent employment conditions	Functioning and secure notification channel	Quantity per year	0	A shared notification channel for all Hafslund Eco employees was established in June 2020. A digital solution is available online.	
	New employments and employee turnover	Quantity and percentage	41 and 3.6 percent	In 2020, the group hired 41 new employees, and 15 employees resigned or retired. The number of employees increased from 408 at 01/01/2021 to 434 as at 31/12/2020.	401-1
Ethics and integrity	All employees must commit to comply with the company's code of conduct	Percentage	1	All new employees must sign the code of conduct when they sign the contract of employment.	404-3
	Training in and information about policies and procedures related to ethics and anti-corruption work	Percentage	0	Due to Covid-19, we have had no training on ethics and anti-corruption.	205-2
Equality and diversity	Describe measures intended to increase workplace diversity	Mention		Due to Covid-19, we have had no specific activities in this area in 2020.	
	More equal gender distribution in various employee categories	Percentage	Increased from 20.6 to 21.9	39.5 percent of employees recruited in 2020 were female.	
	More equal gender distribution in management roles	Percentage	27,5	Targeted measures in successor planning for group management, as well as management teams and line managers.	
	Measures aimed at reducing salary differences between women and men	Mention		Our hypothesis is that we have no gender-based salary differences, but a review of salary assessment systems and salary analyses in 2021 will provide more specific input on this matter. If salary analyses reveal gender-based salary differences, we will develop short- and long-term plans to adjust this situation.	

Sustainability area 6: Contributions to the economy

Sub-area	Goal	Unit	2020 value	Comments and explanation	GRI
National and local value creation	Value of waterway compensation paid to private parties	NOK million	39		203-2
	Value of free power supplied to recipients in host municipalities	MWh	4,389	Free power in Votna (in MWh). Figures from Innlandet not available.	203-2
	Number of group employees by municipality	Quantity	56	Number of municipalities receiving tax revenues from Hafslund Eco employees	
	Number of group employees	Quantity	434		
	Contributions to local “compensation funds”	NOK	485,000	Tesse = 100,000, Breidal transfer = 60,000, Aursunden = 275,000, Mesna regulation = 50,000. All payments made annually, index-linked and adjusted every 5 years.	
	Value creation and distribution to host municipalities in the form of direct taxation	NOK million	441		
	Economic value and distribution to State of Norway in the form of direct taxation	NOK million	1,903		
	Interest paid to lenders	NOK million	568		
	Contributions to host municipalities/counties in the form of compulsory yields of power	NOK million	-17		
	Contributions to municipalities/counties in the form of licensing fees	NOK million	79		
	Total remuneration paid to employees	NOK million	445		
Return on investment for owner, the City of Oslo, paid in the form of dividend.	NOK million	700			



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