

Arendals Fossekompani

Sustainability Report 2020

Ripples

Sustainability Report

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This is AFK

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Tekna

Portfolio company

HEADQUARTER
SHERBROOKE, CANADA

CHAIRMAN
MORTEN HENRIKSEN

CEO
LUC DIONNE

OWNERSHIP AFK
100%

EMPLOYEES
176

COUNTRIES
4



As Tekna continues to develop and grow, it is further integrating ESG focus into its global business activities. This is important for Tekna’s current and future customers, its employees, its owners and society at large. By embracing a culture of sound ESG practices, Tekna is investing in its future and that of human kind.

LUC DIONNE, CEO

Tekna is among the world leading producers of high value-added metallic powders, mainly used in additive manufacturing and electronic products. The proprietary technology used by Tekna to produce powder is perfectly adapted for these fast-growing markets. Plasma systems are using patent-protected technology and are designed and manufactured in-house. Its systems are designed to perform with the utmost precision for many applications developed internally with the company’s R&D and engineering teams. Tekna is a global player recognized for its quality products and its commitment to a multinational client base, who are leaders in their respective markets.

7.3

HAZARDOUS WASTE RECYCLED (TONNES)

2.4%

ABSENTEE RATE

UN Sustainable Development Goals

SDG 7: Clean and affordable energy, in particular 7.B

Ensure access to affordable, reliable, sustainable and modern energy. Tekna developed a cost-efficient process to produce silicon nano powders for increased battery capacity and resource efficiency.

SDG 9: Industry, innovation and infrastructure, in particular 9.2, 9.4 and 9.5

Build resilient infrastructure, promote sustainable industrialization and foster innovation. Tekna contributes to SDG 9 through circular and resource efficient products through additive manufacturing.

SDG 12: Responsible consumption and production, in particular 12.2, 12.4, 12.5 and 12.6

Ensure sustainable consumption and production patterns. Tekna contributes to SDG 12 by developing resource efficient production processes with low carbon emission.

KPIs	2020	2019
Water used per kg product produced ¹⁾	0.078 m3	0.054 m3
Total water consumption in TPS facility Canada ²⁾	8,247	19,472
Energy use per kg product produced (Ti64) ³⁾	17.70	20.50
Energy use per kg product produced (AlSiMg) ⁴⁾	7.25	8.15
Total of hazardous waste (tonnes) ⁵⁾	22.00	39.50
Total amount of hazardous waste recycled (tonnes) ⁶⁾	7.30	5.70
Estimated materials saved by customers in industry when using Tekna’s solutions and products ⁷⁾	100-650 tonnes	80 -500 tonnes

1) Canada - TAM Increase due to R&D activities in the same facility; As of yet Tekna cannot separate water used for production and for R&D. 2) Canada - TPS By redesigning and revamping R&D laboratory and water cooling systems the team at Tekna facility management generated an annual saving of 10 000 cubic meter of fresh water in the TPS facility (average consumption TPS 2015-2019 23000m3). 3) Canada - TAM Improvement due to wire feedrate increase 4) Canada - TAM Improvement due to wire feedrate increase. 5) Canada - TAM In 2019 and 2020, powder from R&D has been disposed. This is included in the figures and not a waste of the normal production process powder and systems. 6) Canada - TAM Material recycled at a site close to the production facility. 7) Rough estimation based on overall Tekna powder sales and an estimation of 60%-90% potential material saving depending on industry.

Tekna

Focus areas



Ethical business conduct

Value chain 1 3

Tekna believes only businesses with fair, clean and transparent business practices can succeed in the long-term.

Performance and KPIs

The 2020 Corporate Social Responsibility (CSR) policy, was confirmed by all but a few new employees.

In 2021 the implementation of a new ERP system will further improve the segregation of duties.

The policy "Supplier Social Responsibility" was deployed to Tekna's raw material suppliers.

Work and activities today

The Tekna whistleblower policy has not reported any incidents in 2020.

Business guidelines are part of the CSR policy, which is compulsory reading for all employees.

Separation of duties has been implemented in finance and procurement

The CFO is signing all important contracts and governing all payments.

Targets and ambitions

EMPLOYEES BY 2021

- 1) 100% employees to sign most recent version of company code of conduct and internal audit process to be put in place.
- 2) 100% employees to complete annual training in company code of conduct.

100%

Of employees to sign most recent version of company code of conduct

SUPPLIERS WITH >150K CAD SPEND BY 2021

- 1) 75% to sign updated CSR policy.
- 2) 50% to complete the self-assessment questionnaire
- 3) A governance assessment and action plan is to be developed with particular focus on transactions in countries ranking lower on the Corruption Perceptions Index

75%

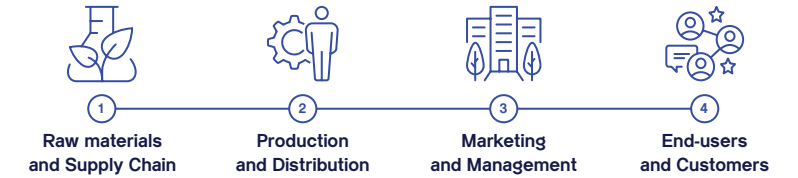
Of suppliers to sign updated CSR policy

50%

Of suppliers to complete the self-assessment questionnaire

Value chain

The value chain used to assess where companies have their impacts.



A great place to work

Value chain 1 2

Tekna believes in the strength of diversity. As a hightech company it is driven to keep and attract exceptional talent to drive innovations. Continued focus on the health, safety and well-being of its people is considered critical to its ongoing operations.

Performance and KPIs

Tekna is happy to confirm it has increased diversity in its leadership by recruiting a woman to its team of executives.

The teleworking policy was deployed and relevant infrastructure put in place.

The 2020 ambition for monthly meetings with random employees became part of a larger initiative which will be rolled out in 2021.

Work and activities today

Tekna has created a work environment promoting diversity and free of any discrimination or harassment. The company is supporting, respecting, and protecting internationally recognized human rights. Managers are expected to ensure everyone respects these rights. The policy and guidelines supporting human rights are included in the company's Corporate Social Responsibility's document.

Employees health, safety and well-being are a priority at Tekna and management is actively involved. In the last 24 months no lost time injury occurred. Top management is sponsoring strategic projects to pursue cultural OHS improvement.

Prior to the Covid-19 pandemic, Tekna allowed sporadic teleworking for professional staff to accommodate work-life balance. Higher scale teleworking was deployed to mitigate pandemic risks.

Targets and ambitions

DIVERSITY BY 2021

- 1) Provided a position becomes vacant, Tekna endeavours to continue to increase diversity at upper management and executive level.
- 2) Perform baseline measurement of employee NPS.

OHS BY 2021

- 1) Zero accidents (LTI)
- 2) Improve the OHS cultural maturity level from dependent to independent (using employee assessment; levels refer to the Bradley curve).
- 3) Increase % completion of internal safety audits by management and supervisors focussing on 4 critical hazards to 90%.

HRM

- 1) Develop and deploy a master plan to activate effective retention levers and increase the well-being of employees (Staff retention interview, Employee satisfaction survey, Recognition program, etc.)

90%

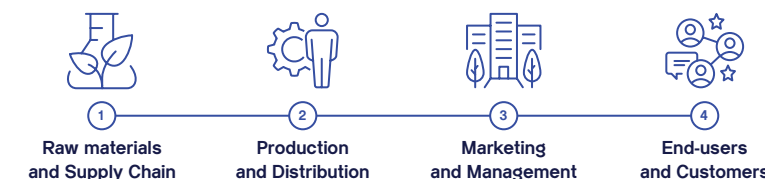
Increase in completed internal safety audits

Tekna

Focus areas

Value chain

The value chain used to assess where companies have their impacts.



Circular and resource efficient products

Value chain 4

Tekna aspires to actively contribute to the implementation of solutions with its customers supporting the circular and resource efficient concepts. This will reduce the environmental impact of the value chains it operates in.

Performance and KPIs

Tekna this year added the work stream of "Circular and resource-efficient products" to its ESG strategy. The aim is to support customers in improving their footprint. The KPI we are looking to develop should give insights into the raw material saving achieved by using additive manufacturing (AM) as this quantifies the benefit of resource efficient AM vs traditional subtractive manufacturing.

Work and activities today

Aerospace industry is a targeted market for powders in additive manufacturing. This fast growing market is seen as a greener solution to produce parts as it consumes less raw materials, yields relatively lighter parts which turns into lighter airplanes thus improving fuel economy.

Tekna developed a cost-efficient process to produce silicon nano powders for manufacturing of Lithium-ion batteries (LiB). The use of silicon nano powders opens the possibility to increase the LiB energy storage capability by up to 60% according to theoretical models.

Direct benefits:

- 1) Increases clean energy storage capability (windmills, solar cells, etc.)
- 2) Reduces the volume of raw materials in manufacturing LiB thus the cost.
- 3) Increases clean energy performance as a substitute to coal and fossil-fuels.
- 4) Reduces global consumption of fossil fuels.

Targets and ambitions

- 1) Design, build and certify a multi-usage new powder transportation vessel by YE2021.
- 2) Develop methodology to estimate the volume of raw material saved using additive manufacturing technology.

Green opportunities

Support (technically) OEMs in their ambitions to move parts manufacturing from traditional subtractive to additive manufacturing.

R&D activities to valorize circular concepts in additive manufacturing.

Explore the possibilities of Tekna's waste management technology (Tekna Plasma Systems)

Support (technically) OEMs in their ambitions to introduce nano silicon in the manufacturing of anodes for LiBs.

Tekna's focus on resource efficient production allows it to reduce its production cost and contributes to securing and improving its market positions.

Performance and KPIs

Tekna conducted an internal assessment to uncover further improvement potential towards the goal of more resource efficient operations. The priority was set estimating the impact and time needed for the measure.

Work and activities today

The manufacturing processes developed by Tekna have the following characteristics:

- 1) Low carbon emission (scope 1 and 2)
- 2) 95% of the gases involved in the manufacturing of its products are reused in the processed.
- 3) 100% of the power used to run the facility and the processes are sourced from clean energy hydro power plants (Canada).
- 4) The heat generated by the plasma systems is recuperated and recirculated to heat the facilities.
- 5) Gases stocks are maximized with gas trailers and silos containers avoiding non eco-friendly weekly replacement of bulk packs.

Targets and ambitions

OPERATIONS

- 1) Improve productivity of Tekna operated plasma system (feedrate and torch design) to achieve greater energy conservation.
- 2) Eliminate, reduce, recycle helium & other process gases
- 3) Quantify the actual recycling rate and define improvement target and action plan.

FACILITY

- 4) Improve water usage at the Tekna Plasma Systems plant with a structural building change.

Minimizing climate impact

Value chain 1

Apart from an innate Canadian belief to preserve the environment, Tekna also firmly believes climate change will damage economies, devastate populations, increase resource scarcity and dramatically impact the cost of doing business.

Performance and KPIs

The environment committee was instated, and it is working towards the goal to achieve the first level of a local recycle program "Ici on recycle+", a provincial recognition for non-hazardous waste management.

Work and activities today

100% of the electricity used to run the Canadian facilities and the processes are sourced from clean-energy hydropower plants.

Empowered by the pandemic, teleworking infrastructure, policies and culture have been vastly adopted. By adding technical solutions like Hololens, virtual productivity has further improved.

By redesigning and revamping R&D laboratory and water cooling systems Tekna facility management generated an annual saving of 10,000 cubic meter of fresh water.

Targets and ambitions

GHG EMISSIONS

- 1) (Audited) quantification of the GHG emissions at production sites in Canada (Systems and powder sites),
- 2) Develop an action plan to further reduce overall GHG emissions (all scopes).
- 3) Continue virtual collaboration (also after pandemic) reducing employee travel - 2 days per week where possible. No travel for internal meetings (without 3rd party)

Tekna

From the tiniest of particles comes an entire universe of possibilities.

Tekna's micro and nano powder products increase productivity, with less waste, more efficiency and the promise of a greener future.

Additive manufacturing, aka 3D printing, equals environmental efficiency. Tekna provides a series of metal powders for a global market in which additive manufacturing is on track to outperform traditional machining.

The 3D printing process involves building objects layer by layer using various materials in powder form, in contrast to traditional production where objects are produced by removing parts of a larger piece of material. The advantages of 3D printing are a faster production time, lower costs and less waste, as well as the opportunity to design completely new structures and produce smaller batches close to where the part is needed.

More and more industries are starting to use 3D printing – including the automotive industry, driven particularly by new electric car models. As a global leader in the industrial use of plasma technology, used to pulverize various materials, Tekna is positioned to take a share of this market and to contribute to more efficient use of materials as we head towards a more circular economy.

In the batteries segment Tekna has developed a very pure silicon nano powder with advantageous properties for admixtures in, and eventually replacement of, graphite anodes that are found in standard lithium-ion batteries. Full replacement of graphite with silicon could multiply the energy capacity of batteries many times over – thereby revolutionizing electric vehicle batteries, for example, to provide extreme range and accelerate consumer adoption.