



Green Financing Report 2023



In February 2023, an updated version of Aker and Aker Horizons' Green Finance Framework was published. The framework enables Aker and Aker Horizons or any of its subsidiaries (the "Issuers") to issue Green Bonds, establish Green Loans, and issue other types of debt instruments (collectively referred to as "Green Finance Instruments") in order to, in whole or in part, finance or refinance investments in assets and projects with clear environmental benefits, as further described in the Green Finance Framework.

The Green Finance Framework and associated documents are available on [Aker Horizons' website](#).



ICMA Harmonized Framework for Impact Reporting & Nordic Public Sector Issuer's (NPSI) Position Paper on Green Bond Impact Reporting

This Green Financing Report for 2023 has, where possible and relevant, been prepared in alignment with the 2021 version of the ICMA Harmonized Framework for Impact Reporting and the 2020 version of the NPSI Position Paper on Green Bond Impact Reporting.

ICMA Green Bond Principles & LMA Green Loan Principles

Aker's and Aker Horizons' Green Finance Framework is based on the 2021 version of the Green Bond Principles issued by International Capital Markets Association (ICMA), as well as the 2021 version of the Green Loan Principles issued by the Loan Market Association (LMA). Although these principles are voluntary, Aker and Aker Horizons find that adhering to them adds to the transparency and integrity of the Company's Green Finance Framework in the eyes of their investors and other stakeholders. The green financing market is still in the relatively early stages of development, and the Green Finance Framework may be updated in the future to remain aligned with future developments of market standards, including ICMA and LMA principles.

An eligibility assessment was obtained from DNV GL to confirm the transparency of the Green Finance Framework and its alignment with the ICMA Green Bond Principles and the LMA Green Loan Principles.



Allocation Report

In February 2021, Aker Horizons issued its first green bond, with a value of NOK 2.5 billion and a maturity date in August 2025 (Green Bond). The proceeds of the Green Bond were utilized in their entirety to part fund the acquisition of 75 percent of the renewable energy company Mainstream Renewable Power. The acquisition of Mainstream Renewable Power was agreed in January 2021 and completed in May 2021. The cash consideration for the 75 percent stake in Mainstream Renewable Power was EUR 649 million (NOK 6.5 billion). In addition, EUR 109 million (NOK 1.1 billion) was transferred to Mainstream as a capital increase in the company.

	Currency	Amount	Issue date	Maturity Date	ISIN
Green bonds issued	NOK	2,500,000,000	12 February 2021	25 August 2025	NO0010923220
Allocated Amount	NOK	2,500,000,000			
Unallocated Amount	NOK	0			

The allocation report has been independently assured by PwC (see next page).

About Mainstream Renewable Power

Mainstream Renewable Power (“Mainstream”) is a leading pure-play renewable energy company, with wind and solar power assets across global markets, including Latin America, Africa and Asia Pacific. Mainstream has successfully brought 6.5 GW of wind and solar generation assets to financial close-ready and at the end of 2023, it had a global development pipeline of projects of 21 GW across Europe, Americas, Africa and Asia Pacific, and 1.5 GW of solar and wind power projects in operation and under construction.

The total investment for 75 percent ownership and subsequent capital increase in Mainstream amounted to EUR 758 million. Aker Horizons’ Green Bond financed EUR 250 million, equivalent to 33 percent of the acquisition cost.

In 2022, Mitsui & Co., Ltd. was brought in as a strategic shareholder in Mainstream through a EUR 575 million capital injection to accelerate the global growth of Mainstream’s portfolio. As a result, Aker Horizons’ ownership stake was reduced to 58.4 percent.

Developments during 2023

In 2023, Mainstream Renewable Power sold its shareholding in Lekela Power, Africa’s largest independent pure-play renewable energy producer, to Infinity Group.

In addition, the Andes Renovables platform in Chile progressed towards completion, from the average of 84.9 percent completed reported in 2022, to the average of 88.6 percent completion in 2023. Mainstream’s shareholding in the Andes Renovables platform was reduced to 90 percent following the debt refinancing of the platform.

Finally, in South Africa, Mainstream Renewables Power reached financial close on a 97.5 MW solar PV farm which has 20-year Power Purchase Agreements (PPAs). Mainstream ownership in the project is 49 percent.

All these developments have been taken into account in the below impact report.

Assurance of Allocation Report



To Group Management of Aker Horizons ASA

Independent statement regarding Aker Horizons ASA's Green Financing Report

We have been engaged by Aker Horizons ASA (the "Company") to undertake a limited assurance engagement on selected information about the allocations of proceeds in the Company's Green Financing Report 2023 (Subject Matter Information). The scope of our work was limited to assurance over:

- Allocating proceeds from the Green Bond to such investments and expenditures, as described in the Green Financing Report 2023 section "Allocation Report" on page 156 for the bond issued 12 February 2021 (NOK 2 500 000 000).

The Green Financing Report 2023 is prepared using the criteria described in the "Use of Proceeds" section in the Green Finance Framework per February 2023. The "Use of Proceeds" sections are attached to the Green Financing Report 2023.

Our assurance does not extend to any other information in the Green Financing Report 2023 than the sections "Allocation Report". We have not reviewed and do not provide any assurance over any information reported in the "Impact Report" sections on page 158.

Responsibilities of the Group Management

The Group Management is responsible for ensuring that the Company has implemented appropriate guidelines for green bond management and internal control.

The Group Management is responsible for evaluating and selecting eligible green projects, for the use and management of bond proceeds, and for preparing a "Green Financing Report" that is free of material misstatements, whether due to fraud or error, in accordance with the Company's "Green Finance Framework".

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Management (ISQM) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Financial Information», issued by the International Auditing and Assurance Standards Board. This standard requires us to plan and perform procedures to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement in accordance with ISAE 3000 involves assessing the suitability in the circumstances of management's use of the criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and, among others, included an assessment of whether the criteria used are appropriate. Our procedures also included meetings with representatives from the Company who are responsible for the allocation reporting; obtaining and reviewing relevant information that supports the preparation of the allocation reporting; assessment of completeness and accuracy of the allocation reporting; performing substantive testing on a selective basis through inspection of documents; and testing (or reviewing) various supporting documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the criteria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the section "Allocation Report" disclosed in the Green Finance Report 2023 has not been prepared, in all material respects, in accordance with the relevant criteria.

Oslo, 18 March 2024
PricewaterhouseCoopers AS


Thomas Fraurud
State Authorised Public Accountant

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Impact report

Mainstream had a renewable capacity of 1.5 GW in operation and under construction in December 2023. Aker Horizons' Green Bond financed 33 percent of Aker Horizons' acquisition of Mainstream, originally equivalent to a 24.7 percent ownership stake. This has subsequently decreased to 19.3 percent ownership through the arrival of Mitsui & Co as a shareholder. This development is summarized in the table below.

	2021	2022	2023
Original investment (EUR million)	758		
Aker Horizons Green Bond value (EUR million)	250		
Aker Horizons' Green Bond contribution to investment	33.0 %		
Aker Horizons ownership of Mainstream	75.0 %	58.4 %	58.4 %
Aker Horizons' Green Bond contribution to ownership	24.7 %	19.3 %	19.3 %

The table below gives a breakdown of project portfolios, their degree of completion¹ as of 31 December 2023, location, project type (wind/solar), production capacity, estimated production volume and avoided emissions, based on a local grid factor and lifecycle emissions per MWh produced. The *Impact of Green Bond* column takes into account Mainstream's ownership stake in the projects, Aker Horizons' ownership stake in Mainstream Renewable Power, as well as the Green Bond's contribution to Aker Horizons' acquisition of Mainstream (as described in the table above).

Platform	Platform completion (cost based, average)	Project type	Country	Mainstream ownership	Total impact of projects			Impact of Green Bond		
					Production capacity (MW)	Annual production (MWh)	Avoided emissions (tCO ₂ e)	Production capacity (MW)	Annual production (MWh)	Avoided emissions (tCO ₂ e)
Andes										
		Solar	Chile	90%	350	919,800	448,485	61	159,464	77,753
		Wind	Chile	90%	1,020	2,680,560	1,229,276	159	418,121	191,746
Total	88.6%				1,370	3,600,360	1,677,761	220	577,585	269,499
Other										
Total	19.4%	Solar	South Africa	49%	98	256,230	244,070	2	4,685	4,462
Grand total					1,468	3,856,590	1,921,830	222	582,270	273,961

¹ Degree of completion is reached by dividing total CapEx deployed at the reporting date by the budgeted total CapEx. Budgeted Total CapEx represents the anticipated CapEx need from current and future capital sources to reach completion of development. For calculations of impact, the completion of individual assets (not the average) has been used.

Note on methodology

It should be noted that the current, ownership-based approach ensures that there is no double-counting across the shareholders of Mainstream nor across the different providers of capital for the equity investment. Nevertheless, other available methods were considered for calculating the share financed, including the consideration of contributions to Capital expenditure ('CapEx') rather than ownership. Such an approach would have also taken into account the contribution of project lenders, whose capital constitutes a material part of a project's capital structure. Challenges associated with taking a "CapEx contribution approach" includes having to assess the portion of an equity investment contributing towards existing and future CapEx, which further requires establishing certain assumptions on the tracking of how each Euro from a transaction was deployed.

From 2022 onwards, Aker Horizons has chosen the "ownership approach" in order to provide consistency with peers (as this appears to be the most common approach) as well as consistency with our first year of reporting. This may be subject to change in the future, as impact reporting on green financing instruments becomes more mature and more advanced industry standards evolve.

The process for calculating avoided emissions has been developed on the basis of best practice and the current draft of the GHG Protocol and supporting documents for comparative emissions, and may also be updated in the future. For further details on the calculation method and assumptions for avoided emissions, see the next page.

Avoided emissions – Calculation method and assumptions

The assessment of avoided emissions involves calculating the difference in marginal emissions between the power produced and the local grid average, taking into account all lifecycle emissions.

Capacity factor for estimated production

Assessing avoided emissions involves taking into account what was actually produced, or could actually be produced, based on an expected/estimated/observed capacity factor. The capacity factors used for the calculations above are estimates across the portfolios per country including all sites. The capacity factor further takes into account projected weather conditions on site, expected reliability of the substation and equipment (turbines/panels), electrical losses and so forth.

Lifecycle emissions

Since information about sources and the inclusion of lifecycle emissions for grid average factors is not always easy to find, the best practice for Aker Horizons' portfolio companies is to always use lifecycle analysis (LCA) emission factors for own products, and energy generation. Producing a kWh will have zero or close to zero emissions, which is why materials, production, distribution, use phase (repairs, etc.) and end-of-life emissions should be distributed as CO₂ per kWh for the expected total output of the unit throughout its expected lifetime. If no own LCA calculation is available, Aker Horizons will refer to available studies. For the above calculation, lifecycle emissions of 0.011 kg CO₂e per kWh produced from wind and 0.04 kg CO₂ per kWh produced from solar were assumed².

Grid emission factors

For grid emission factors, the International Financial Institutions (IFI) Harmonized Framework approach and their standards for greenhouse gas accounting have been utilized, as recommended by the NPSI Position Paper on Green Impact Reporting. The factors in the table are drawn from the IFI Default Grid Factors v.3.1 dataset (published December 2021, revised January 2022). The emission factors are based on country-specific Combined Margins, based on a split between 25 percent Build Margin and 75 percent Operating Margin as recommended for variable generation (such as wind and solar PV). For the above calculation, the grid emission factors applied were: 0.499 tCO₂e per MWh for Chile and 0.964 tCO₂e per MWh for South Africa.



²) National Renewable Energy Laboratory Life-Cycle Analysis Harmonized Factors, available at: <https://www.nrel.gov/analysis/life-cycle-assessment.html>

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