



AKER HORIZONS

GREEN FINANCING REPORT 2021

About Aker Horizons

Who we are

Aker Horizons develops green industrial projects and technologies that accelerate the transition to net zero emissions. The company owns industry-leading companies that drive decarbonization, and develops projects that convert renewable energy into clean hydrogen and its derivatives. The current portfolio comprises onshore and offshore wind, solar, hydrogen and carbon capture. Through its portfolio companies, Aker Horizons employs over 1,200 people across 18 countries and five continents.

Aker Horizons has a dedicated team working to build leading companies that can meaningfully reduce CO₂ emissions, while creating substantial shareholder value over time. Aker Horizons is majority owned by Aker Capital AS, a subsidiary of Aker ASA, the Norwegian industrial holding company listed on the Oslo Stock Exchange.

Aker's heritage

As part of the Aker group and its 180-year industrial heritage, Aker Horizons combines in-depth industrial and capital markets expertise with a planet-positive purpose, which uniquely positions it to generate attractive returns from green investments. Aker's industrial and technological expertise enables Aker Horizons to be a driving force in the Race to Zero, and to accelerate decarbonization and environmental innovation.

Sustainability

Sustainability underpins all Aker Horizons' actions. Aker Horizons' Sustainability Policy, established in 2021 and based on key international frameworks, guides the company's environmental, social and governance (ESG) performance, shapes strategy, business development, investments and ambitions. It sets out specific commitments and requirements in relation to the company's planet-positive impact, respect for planet and people, good governance and prosperity for all. The Sustainability Policy also defines how Aker Horizons exerts active ownership and sets expectations for its portfolio companies, supply chains and other relevant stakeholders.

Aker Horizons believes that companies which integrate sustainability in their operations and business decisions will be more successful and create more long-term value. The ambition to maximize the positive impact while minimizing the negative footprint of green activities drives the company's long-term value-creation logic.

Ensuring long-term sustainable value creation for all

Aker Horizons develops and strengthens its portfolio companies by driving strategy development, operational improvement, financing, restructuring and transactions, to ensure long-term sustainable value creation for all stakeholders. All its actions, across the company, its portfolio and its projects, are underpinned by ESG considerations and strong commitments to sustainable development. With the UN Sustainable Development Goals (SDGs) and other international standards and frameworks at the core of its business, Aker Horizons is scaling new, future-fit solutions and technologies, thereby contributing to sustainable development and the transition to clean energy.

Business development and investment

Aker Horizons' investment thesis is grounded in the UN SDGs. Its investment policy is rooted in long-term strategies, responsible value creation and strong ESG considerations in both the investment analysis and decision-making process. The company invests in solutions and businesses that respect the environment, human rights, diversity and a safe working environment, and uphold good corporate governance principles. Aker Horizons strongly believes that responsible investment is vital not only for building business resilience, creating competitive advantage and long-term returns, but also for having a planet-positive impact and achieving the UN SDGs.

For further information about how Aker Horizons and its portfolio companies are working systematically to promote sustainability across investments and operations, please refer to the 2021 Aker Horizons Annual and Sustainability Report, which is available on [Aker Horizons' website](#).

Standards and guidelines



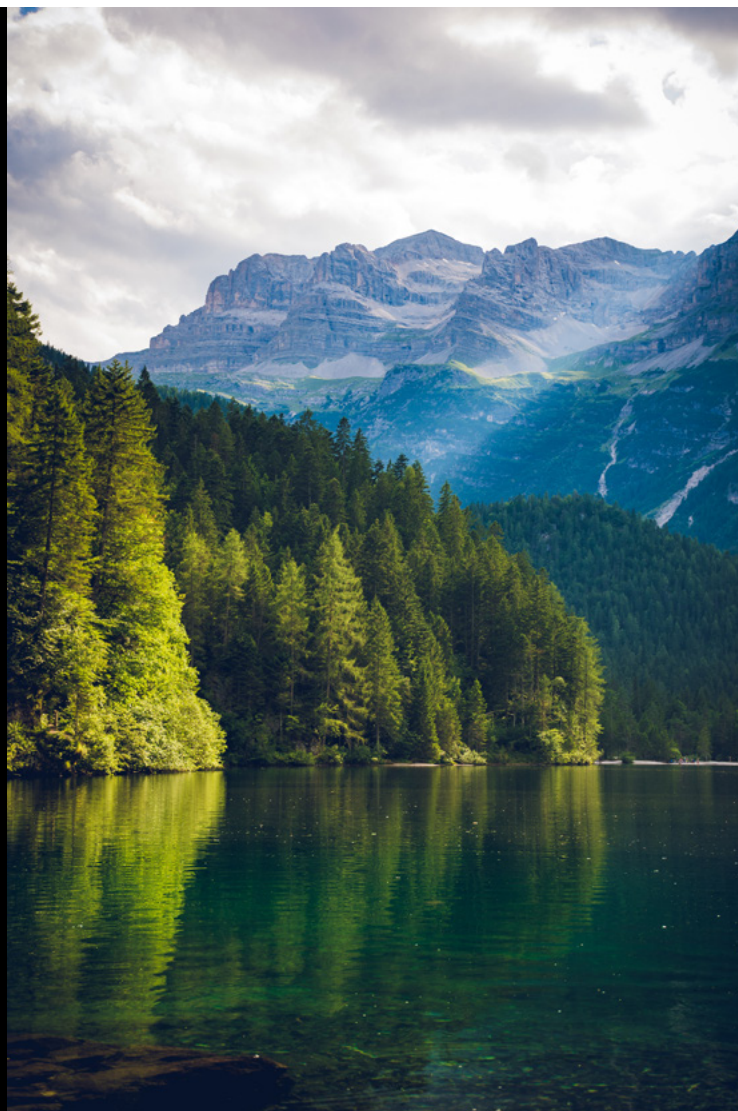
In January 2021, Aker ASA and Aker Horizons ASA established a Green Finance Framework. The Green Finance Framework enables Aker ASA, Aker Horizons and any of Aker Horizons' subsidiaries, to issue Green Bonds, establish Green Loans, and enter into other types of debt instruments to finance or refinance, in whole or in part, investments in renewable energy and technologies that contribute to reducing greenhouse gas emissions.

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

ICMA Green Bond Principles & LMA Green Loan Principles

Aker and Aker Horizons' Green Finance Framework is based on the 2018 version of the Green Bond Principles issued by International Capital Markets Association (ICMA), as well as the 2018 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.



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

This Green Financing Report for 2021 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.

Allocation Report

Aker Horizons issued its first Green Bond in February 2021 with a value of NOK 2.5 billion and a maturity date in August 2025. The proceeds of the Green Bond were utilized in their entirety to acquire 75% 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% 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.

About Mainstream Renewable Power

Mainstream Renewable Power ("Mainstream") is a leading pure-play renewable energy company, with wind and solar assets across global markets, including in Latin America, Africa, and Asia Pacific. Mainstream has successfully delivered 6.5 GW of wind and solar generation assets to financial close-ready and has a global development pipeline of projects of 17.1 GW as of 31 March 2022 (16.6 GW per 31 December 2021).

The acquisition of Mainstream, valued at EUR 900 million on a 100% basis, gave Aker Horizons a portfolio of 1.58 GW of solar and wind power projects in operation and under construction at June 2021, proven development capabilities at gigawatt scale and a global pipeline of development assets.

Aker Horizons is targeting both organic and inorganic growth for Mainstream, and since the acquisition was announced in January 2021, and up to the publishing date of this report, the company's pipeline has increased by more than 5 GW.

The total investment for 75% ownership and subsequent capital increase in Mainstream amounted to EUR 758 million, implying a valuation on a 100% basis of EUR 1,011 million. Aker Horizons' Green Bond financed EUR 250 million, thus representing 24.73% of the value Mainstream at the time of acquisition.



To the Group Management of Aker Horizons ASA

Independent Limited Assurance Report

We have been engaged by the Group Management of Aker Horizons ASA (the "Company") to undertake an examination of selected information in the Company's *Green Finance Report 2021*, concerning the Company's Green Bonds.

Assurance scope

The scope of our work was to provide a limited assurance report confirming that an amount equal to the sum of identified investments in eligible categories for 2021 has been allocated to Green Projects, as described in the table "Allocation" in the *Green Finance Report 2021*. The reporting criteria against which this information was assessed is Aker Horizons ASA's *Green Finance Framework*, chapter "Use of proceeds", available on the Company website.

Our assurance does not extend to any other information in the *Green Finance Report 2021*. We have not reviewed and do not provide any assurance over any other information reported, including estimates of sustainability impacts.

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 of the Company is responsible for evaluating and selecting eligible assets, for the use and management of bond proceeds, and for preparing an allocation and impact report that is free of material misstatements, whether due to fraud or error, in accordance with the Company's *Green Finance Framework*.

Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion on the selected information specified above in the assurance scope based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with the International Standard on Assurance Engagements ISAE 3000 – "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires us to plan and perform our procedures to obtain limited assurance that the Company has performed the procedures and processes according to the documents defined in the "Assurance scope". A limited assurance engagement consists of making inquiries, primarily of persons responsible for the management of bond proceeds and the process for selection of eligible assets, and applying analytical and other limited assurance procedures, including inspection of documentation, and limited sample testing of the selected information. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



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

Our Independence and Quality Control

We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Control (ISQC 1) and maintain a comprehensive system for quality control including documented policies and procedures that complies with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the limited assurance procedures we have performed in accordance with our scope and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information disclosed in the Company's *Green Finance Report 2021* has not been prepared, in all material respects, in accordance with the reporting criteria.

Oslo, July 8th 2022
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorized Public Accountant (Norway)

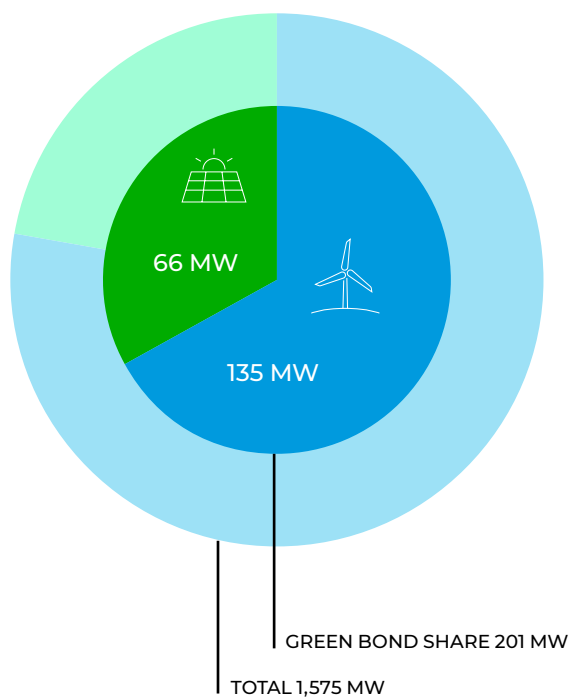
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Impact report

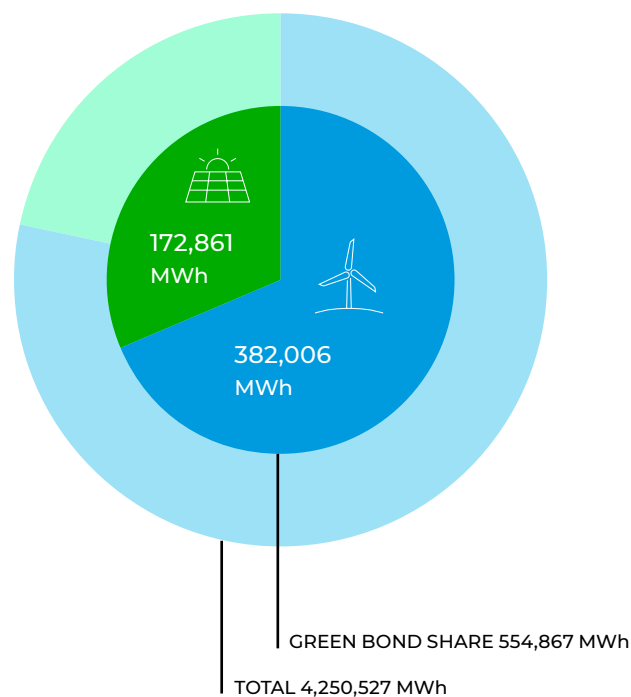
The consolidated impact figures refer to June 2021, immediately after the acquisition of Mainstream.

Mainstream had a renewable capacity of 1.58 GW in operation and under construction in June 2021. As described in the previous chapter, Aker Horizons' Green Bond financed 24.7% of the acquisition of Mainstream. In June 2021, the Andes platform was estimated to be 43.61% completed, and the degree of completion has been taken into consideration to calculate the Green Bonds impact in order to avoid double counting of impact. The overall total is not adjusted for completion. For further details, see the table on the next page.

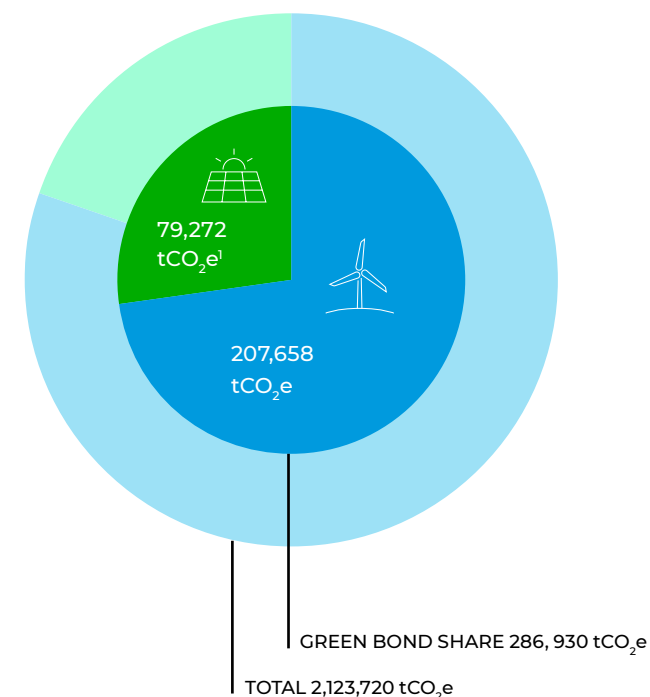
TOTAL CAPACITY



TOTAL ANNUAL POWER PRODUCTION ONCE OPERATIONAL



TOTAL AVOIDED EMISSIONS ONCE OPERATIONAL



1) Tonnes of CO₂ equivalents

The table below gives a breakdown of project portfolios, their status (in construction/operation), location, project type (wind/solar), net capacity, estimated production and avoided emissions, based on a local grid factor and lifecycle emissions per MWh produced.

	STATUS	COUNTRY	PROJECT TYPE	NET CAPACITY P.A. (MW)	PRODUCTION ESTIMATED P.A. (MWh)	GRID FACTOR (tCO ₂ e/MWh)	AVOIDED EMISSIONS P.A. (tCO ₂ e)
LEKELA (100% COMPLETED)							
	Operation	Egypt	Wind	32	154,176	0.498	75,139
	Operation	Senegal	Wind	20	56,064	0.790	43,671
	Operation	South Africa	Wind	36	132,451	0.964	126,165
Total				88	342,691		244,975
Total Green Bond (24.73%)				22	84,741		60,577
AELA (100% COMPLETED)							
	Operation	Chile	Wind	133	349,524	0.499	170,424.138967957
Total				133	349,524		170,424.138967957
Total Green Bond (24.73%)				33	86,430		42,142
ANDES (43.61% COMPLETED)							
	Construction	Chile	Wind	1004	2,638,512	0.499	1,286,510
	Construction	Chile	Solar	350	919,800	0.499	421,810
Total				1,354	3,558,312		1,708,320
Completion-adjusted total				590	1,551,666		744,944
Total Green Bond (24.73%)				146	383,696		184,210
TOTAL							
Total				1,575	4,250,527		2,123,720
Completion-adjusted total				811	2,243,881		1,160,343
Total Green Bond (24.73%)				201	554,867		286,930

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 emissions², and may be updated in the future. For further details on the calculation method and assumptions for avoided emissions, see the next page.

2) Russell, Stephen. 2018. "Estimating and Reporting the Comparative Emissions Impacts of Products" Working Paper. Washington, DC: World Resources Institute. Available at: <https://www.wri.org/research/estimating-and-reporting-comparative-emissions-impacts-products>

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, life-cycle emissions of 0.011 kg CO₂e per kWh produced from wind and 0.04 kg CO₂ per kWh produced from solar were assumed³. The LCA factor for solar power has been adjusted from the Aker Horizons 2021 Annual and Sustainability Report to more accurately reflect the emissions associated with solar PV.

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% Build Margin and 75% Operating Margin as recommended for variable generation (such as wind and solar PV). The emission factors have been revised since the publishing of Aker Horizons' 2021 Annual and Sustainability report (where the 2022 IEA dataset for grid emissions per country was utilized for the calculation of avoided emissions), in order to further align with best practice on impact reporting for Green Bonds.

³) National Renewable Energy Laboratory Life-Cycle Analysis Harmonized Factors, available at: <https://www.nrel.gov/analysis/life-cycle-assessment.html>

CASE STUDY

Mainstream renewables projects under construction in Chile

Building one of the largest renewables platforms in Latin America

Mainstream is one of the largest renewable energy companies in Chile, where it has been present since 2008. In 2021, Mainstream progressed the construction of the 1.37 GW Andes Renovables platform in Chile - 10 projects (seven wind farms and three solar PV assets) spread across three project portfolios, with expected construction completion in 2022-2023: Condór (591 MW), Huemul (630 MW) and Copihue (150 MW).

Key facts about the Andes Renovables platform

- 1,044,726 solar panels
- 223 wind turbines
- 175 kilometers of transmission lines
- 10 transformer stations

Expanding renewable energy while safeguarding the environment

Several of the projects under construction are located in the Antofagasta Region of Chile: Llanos del Viento, Pampa Tigre and Cerro Tigre.



Llanos del Viento

Project type: Wind
MW capacity: 160
Number of turbines: 32
Portfolio: Huemul



Cerro Tigre

Project type: Wind
MW capacity: 185
Number of turbines: 44
Portfolio: Cóndor



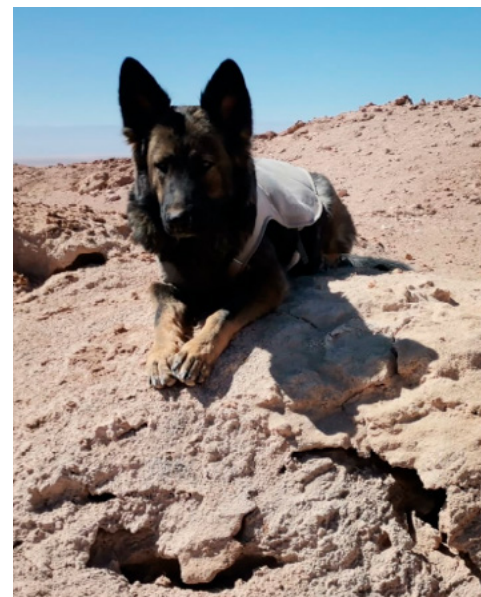
Pampa Tigre

Project type: Solar
MW capacity: 100
Number of panels: 24 blocks, 228,080 modules
Portfolio: Huemul

In addition to the three projects under construction, two others are currently in the development stage, undergoing design and environmental studies. For the projects in this region, Mainstream has explored new methodologies to study the ecosystems affected by the development of the renewables assets and limit adverse impacts. This concerned first and foremost the protected coastal bird species Gaviota Garuma (Grey Gull) and Golondrina de Mar (Wilson's Storm Petrel). The studies were conducted in partnership with the University of Concepción, specialists in the coastal birds of northern Chile.

During the studies, trained dogs were used to detect underground bird nests, and a pilot was initiated to explore the use of computer imaging to monitor bird activity. In addition to supporting project planning and execution, including the determination of environmental permits, the data from these investigations will be used for academic research.

Additionally, Mainstream has signed an agreement with the University of Antofagasta to increase workers' knowledge of environmental management, fauna rescue and rehabilitation.





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