Hafslund

Annual report 2024

Contents[1]

[1] *This is a translation of Hafslund's 2024 annual report.. If there are discrepancies between the Norwegian and English annual report, the Norwegian version applies.*

Important events in 2024

Purchase of Tonstad Vindkraft AS

The purchase of Tonstad Vindkraft AS was completed on 1 July. Tonstad is located in the municipalities of Sirdal and Flekkefjord and is one of Norway's largest onshore wind power plants. The wind power plant has installed capacity of 208 MW and annual production of around 670 GWh. The acquisition has significantly strengthened Hafslund's wind power portfolio.

Sale of Hafslund Fiber AS

In July, Hafslund Celsio sold 100 per cent of the shares in Hafslund Fiber to Eidsiva Bredbånd, which acquired the customers, infrastructure and employees. This has enabled Hafslund's fibre ownership interests to be consolidated into the Eidsiva Group. Since its inception in 2019, Hafslund Fiber has established significant fibre infrastructure in Norway's capital city through Hafslund Celsio's district heating routes. This transaction has enabled Eidsiva to secure excellent fibre coverage in the capital and a solid customer portfolio.

Process in connection with the sale of Orkla hydropower

In November 2023, Orkla announced that they were exploring structural alternatives for the company's hydropower plants. In January 2025, Hafslund and Orkla announced that an agreement had been entered into to acquire Sarpsfoss Limited. Sarpsfoss Limited owns Borregaard power plant and 50 per cent of Sarp power plant, as well as Mossefossen power plant. The acquisition will add 536 GWh to Hafslund's power production. Hafslund already operates two out of three power plants in Sarpefossen. The transaction has been approved by the Norwegian Competition Authority and the Ministry of Energy and is expected to be completed during April 2025.

New long-term power agreements

In the autumn of 2024, Hafslund Kraft entered into two long-term power agreements with Elkem and Borregaard. The agreement with Elkem is for the period from 2028 to 2035, has an annual contract volume of approximately 400 GWh, and will be supplied in NO3. The power agreement supports continued long-term operations at Elkem Thamshavn. The agreement with Borregaard is for the period from 2025 to 2034, and has an annual contract volume of 88 GWh, which represents 10-15 per cent of Borregaard's annual consumption at the Sarpsborg factory. Hafslund's objective is to be a partner for Norwegian industry and facilitate market-relevant power contracts.

Hafslund was granted a licence for the construction of the Hemsil 3 power plant

In June, the Ministry of Energy granted Hafslund a licence for the Hemsil 3 power station in Hallingdal. The power station will supply approximately 110 GWh of new renewable power by better utilising available hydropower resources. The installed capacity will increase from 98 to 181 MW, which will improve the power plant's ability to produce power when demand is at its highest.

Preparations for investment decision at Klemetsrud CCS plant

During 2024, Hafslund Celsio worked to facilitate the resumption of construction of a carbon capture facility at the Klemetsrud waste incineration plant after the project had been placed on hold in the spring of 2023 to reduce costs. Key milestones were reached in 2024. In January 2025, the Hafslund Celsio Board of Directors made the final investment decision for the realisation of the carbon capture project. The state aid agreement and contract with SLB Capturi and Aker Solutions were also signed. The project will reduce fossil CO_2 emissions in Oslo by 19 per cent.

Building Skygard’s first data centre

In the first quarter of 2024, Hafslund made a joint decision with Telenor, HitecVision and Analysys Mason to invest NOK 2.4 billion into the construction of data centres in Hovinbyen, Oslo. Construction is well underway, and the first construction stage is expected to be completed during the fourth quarter of 2025. The jointly owned company has been named Skygard, and distinguishes itself by having Norwegian owners, a strong focus on energy-efficient operations and strict security requirements.

A word from the CEO

The past few years have been characterised by global uncertainty, unpredictability, and major fluctuations in energy prices. During this period, we have focused heavily on energy preparedness and operating our hydropower and district heating systems in a manner that ensures there is a solid and stable supply of energy. We have been working to increase power production through more power development and greater utilisation of capacity at our power plants. We have also worked to create new renewable solutions within electrification and to secure framework conditions that safeguard the role of district heating in the energy system.

2024 was the first year in which Hafslund reported sustainability information in accordance with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD). It is important for us to be transparent about how we operate our business, and we use this reporting to highlight the fact that we can increase renewable energy production in the most gentle way as possible with the least possible negative impact on nature.

As Norway's second largest renewable energy group, we have taken on our social responsibility to develop more renewable energy and reduce emissions, without this coming at the expense of nature. In 2024 we once again achieved a production record for hydropower of 19.4 TWh. This was 5 per cent higher than in 2023 and 9 per cent higher than normal production for the year. The district heating business also had solid sales of district heating that were on par with the previous year.

It is inspiring to witness the results of our efforts in 2024. In January 2025, we made a new investment decision concerning carbon capture at the Klemetsrud waste incineration plant in Oslo. This was the result of us having worked hard during 2024 to facilitate the resumption of

construction of the waste incineration plant after the project had been placed on hold in the spring of 2023 to reduce costs. Carbon capture at Klemetsrud will reduce close to 20 per cent of Oslo's emissions when the plant is scheduled to come online in 2029. I am proud of the strong internal cooperation that we have at Hafslund, and not least with our co-owners at Hafslund Celsio, the City of Oslo and our collaborative partners.

In addition to having restarted the realisation of the carbon capture project, we have consolidated power production in Sarpefossen, purchased Tonstad wind farm, built several charging stations for heavy transport, and commenced construction of Skygard's first data centre in Oslo. We have put considerable work into licence applications and planning processes. The results of this work include being awarded a licence at Hemsil 3. This establishes the foundation for more renewable energy.

Despite high production and good operations, we leave behind yet another demanding year for our district heating business. Poorer framework conditions such as increased waste incineration tax, combined with higher fuel prices in recent years, have made it difficult to operate the district heating business at a profit. However, there is a growing understanding of the importance of district heating to energy preparedness in Norwegian towns and cities, as well as for relieving the power grid during periods of cold weather. The Government's consultation proposal for a "Norwegian Price" (Norgespris) that will also apply for district heating customers, with associated equal treatment for district heating suppliers, is a promising development.

I am proud of the efforts made by all of Hafslund employees to contribute to more renewable energy and ensure the stable supply of both power and heat.

Finn Bjørn Ruyter
CEO of Hafslund

Selected key figures

Profit after tax

3,757 NOK million

ROCE

13.6 %

Heat sales

1.8 TWh

Power produced

19.7 TWh

Number of permanent employees

902

Greenhouse gas emissions

691,600 tCO_2e

Key figures

NOK million	2024	2023
FINANCIAL KEY FIGURES		
Revenues and other income	14,172	18,698
EBITDA	10,321	15,130
Operating profit (EBIT)	9,130	13,862
Underlying operating profit	8,721	12,492
Profit before tax	8,729	13,631
Profit after tax	3,757	5,153
Net interest-bearing debt	13,951	9,608
-of which subordinated debt	5,421	5,421
Total assets	95,811	91,048
Capital employed	66,949	63,679
Investments in operating assets	1,502	1,217
ROE (%)	7.8 %	11.0 %
ROCE (%)	13.6 %	21.8 %
Net interest-bearing debt/EBITDA (x)	1.4	0.6
FFO/Net interest-bearing debt (%)	18 %	6 %
Equity ratio (%)	50 %	51 %
OTHER KEY FIGURES		
Number of permanent employees	902	812
Turnover (voluntary termination)	2.2 %	3.4 %
Number of injuries per million hours worked (H2) last 12 months[2]	6.9	7.4
Greenhouse gas emissions (Scope 1, 2 and 3) (tCO_2e)[3]	691,600	573,800
Power produced (TWh)	19.7	18.5
Achieved power price (øre/kWh)	56	73
Nordic system price (øre/kWh)	42	64
Heat sales (GWh)	1,767	1,833

[2] The basis for calculation has been adjusted in 2024 compared to 2023, with a more accurate basis for work hour calculation (expanded basis in 2024).
[3] Greenhouse gas emissions are calculated using the market-based method. Part of the 2023 emissions have been recalculated using activity-based data.

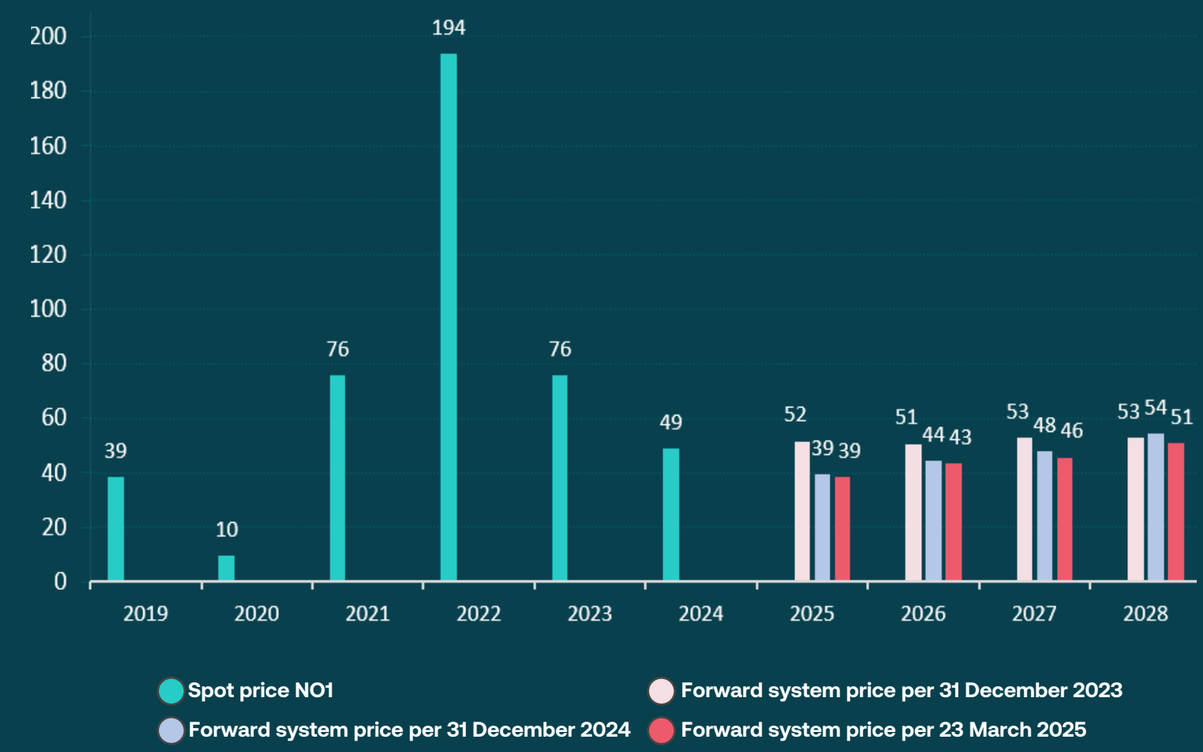
Spot price

49 øre/kWh

Achieved power price

56 øre/kWh

Power price development 2019 - 2028 øre per kWh



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Sustainability statement

Hafslund in 2024

During a year of increasing unrest and greater economic uncertainty, Hafslund again made a significant contribution to society in 2024. The Group beat the previous year's record production of hydropower by almost 1 TWh. When including the Tonstad wind farm, which became part of the Hafslund portfolio in July, total power production was 19.7 TWh. Like the previous year, close to 2 TWh of district heating was produced, which was a significant addition to the ever-increasing demand for heating in Norway's capital city. In 2024, Hafslund delivered a profit after tax of NOK 3,757 million. The tax contribution was NOK 4,972 million. The Board of Directors proposes a dividend to the City of Oslo of NOK 1,950 million.

At Hafslund, we work "For a world in balance, with renewables". There are several ways in which Hafslund works towards achieving this balance. Increased production of renewable energy replaces fossil energy use and is therefore critical to the green transition. Higher production of flexible power and district heating balances the overall energy system when the share of inflexible power increases. Renewable energy in Norway is of vital importance for energy security in our own country and in Europe going forward, as well as for industry, critical societal functions and households. Protecting existing energy infrastructure and ensuring optimal operation and emergency preparedness are more important than ever.

Hafslund is 100 per cent owned by the City of Oslo and the Group is committed to creating as much value as possible for society by using the expertise and assets that the Group has in its possession. Efforts are continually being made to find the right balance between investments for long-term value creation, ensuring there is financial scope for being able to handle difficult periods, and providing the Group's owner with high and stable dividends. In recent years, the power industry has experienced high earnings and good results. This has provided the basis for increased investments in maintenance and upgrades of existing infrastructure, increased activity in the development of new projects within renewable energy, the purchase of operational power plants, investment in carbon capture at the Klemetsrud waste incineration plant, as well as important enhancements within digitalisation and sustainable business operations. Moving into the future, Hafslund is in a good position to play an important role that serves the best interests of society.

The Hafslund Group consists of three business areas: Power production, District heating and Growth and investments. Hafslund has a strategy with five focus areas, and the Board will describe the Group's work within the framework of these five focus areas: climate- and nature-positivity, strong growth in renewable energy, balance for the energy system of the future, smart and green urban development and the best minds are the key.

Hafslund's five strategic focus areas

→ Contribute to climate- and nature positivity

Hafslund's energy production contributes to reduced emissions. At the same time new energy production will also result in encroachment on nature and impact biodiversity. Therefore, Hafslund will:

- Develop energy projects that shall have net zero loss of biodiversity from and including 2030.
- Quantifiably improve the conditions for biological diversity from the 2023 level in the existing portfolio of facilities.
- Use its position as customer, partner and investor to create positive ripple effects beyond own business activities.
- Reduce greenhouse gas emissions in Scope 1 and 2 by 90 per cent and Scope 3 by 50 per cent by 2035 compared to 2023.
- Construct carbon capture facilities at Oslo's largest point emissions.

→ Balance the energy system of the future

Most of the current production technologies within renewable energy are not possible to regulate. With new technology, Hafslund will contribute to a balanced energy system by:

- Increasing the ability to regulate hydropower.
- Developing solutions for aggregation and management of production, consumption and storage.
- Relieving the power grid by increasing the share of Oslo's heating needs covered by district heating.
- Acting faster in existing and new physical markets by using the strongest algorithms and systems system in the industry.

→ Contribute with strong renewable energy growth

The green transition means that there is a need for new renewable energy. Hafslund will contribute to competitive power prices by:

- Expanding existing and building new hydropower.
- Prioritising the development and expansion of renewables projects within solar and wind in Norway.
- Contributing knowledge to the debate on framework conditions and energy development.

→ Power smart and green urban development

Hafslund will facilitate electrification that contributes to smart and green urban development by:

- Developing the thermal energy system in Oslo and the surrounding area.
- Developing solutions within electrification and green cities that create value for industry and end-users.
- Focusing on business concepts at the intersection between a smart city and the energy system.
- Being an active driving force for green solutions to enable towns and cities to achieve their climate targets.

→ The best minds are the key

The battle for talent is getting tougher. To be the workplace where the talent comes knocking on our door, Hafslund will:

- Ensure an open, safe and secure working environment.
- Strengthen diversity and create an inclusive culture to maximise value creation.
- Focus on long-term and targeted development of managers and employees.
- Focus on being seen as an attractive workplace.

Climate- and nature-positivity

Hafslund works towards achieving the targets set in the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework. With the goals of strong growth in renewable energy production and ensuring balance in the energy system, Hafslund is a driving force behind the transition that society's climate targets are dependent on for success. However, developing, building and operating renewable power requires land and impacts biodiversity and ecosystems. Hafslund recognises that climate change and loss of nature are inextricably linked.

The work on climate and nature-positivity during 2024 involved assessments, improving analyses, data quality and reporting, as well as preparing action plans and specific measures.

During 2024, a digital survey of land use for the facilities in the Hafslund portfolio was carried out. The survey identified land changes, important locations and the status of ecosystems and species. Hafslund's impacts and dependencies related to biodiversity and ecosystems were also evaluated, both in own operations and in the upstream and downstream value chains, across relevant technologies. This work forms the basis for a nature action plan that establishes strategic measures and development projects across the Group. It is also critical for ensuring that developments towards increasing the production of renewable energy can take into account nature and biodiversity as best as possible.

Hafslund's climate-related risk analysis is based on the TCFD framework and the requirements in the EU taxonomy. The analysis covers own operations and value chain for the Group and the three business areas. A Group climate action plan was prepared in 2024, as well as separate climate action plans for each business area, which collate the most significant measures that can contribute towards achieving the Group's climate targets in 2035.

Climate measures implemented in 2024 include requirements for reduced emissions and climate reporting in the power business' contract templates, climate assessments in project models, the establishment of climate accounting and climate budget reporting at project level in the power business, and pilot projects with emission-free construction sites, such as the rehabilitation of the Nyhellervatn dam.

Hafslund Celsio's waste incineration plant at Klemetsrud is Oslo's largest emission point and produces 19 per cent of the city's total fossil CO_2 emissions. The work on achieving carbon capture capability at the plant is clearly the most significant contribution Hafslund can make towards cutting greenhouse gas (GHG) emissions. Extensive efforts were made during 2024 to enable construction of the carbon capture plant to resume.

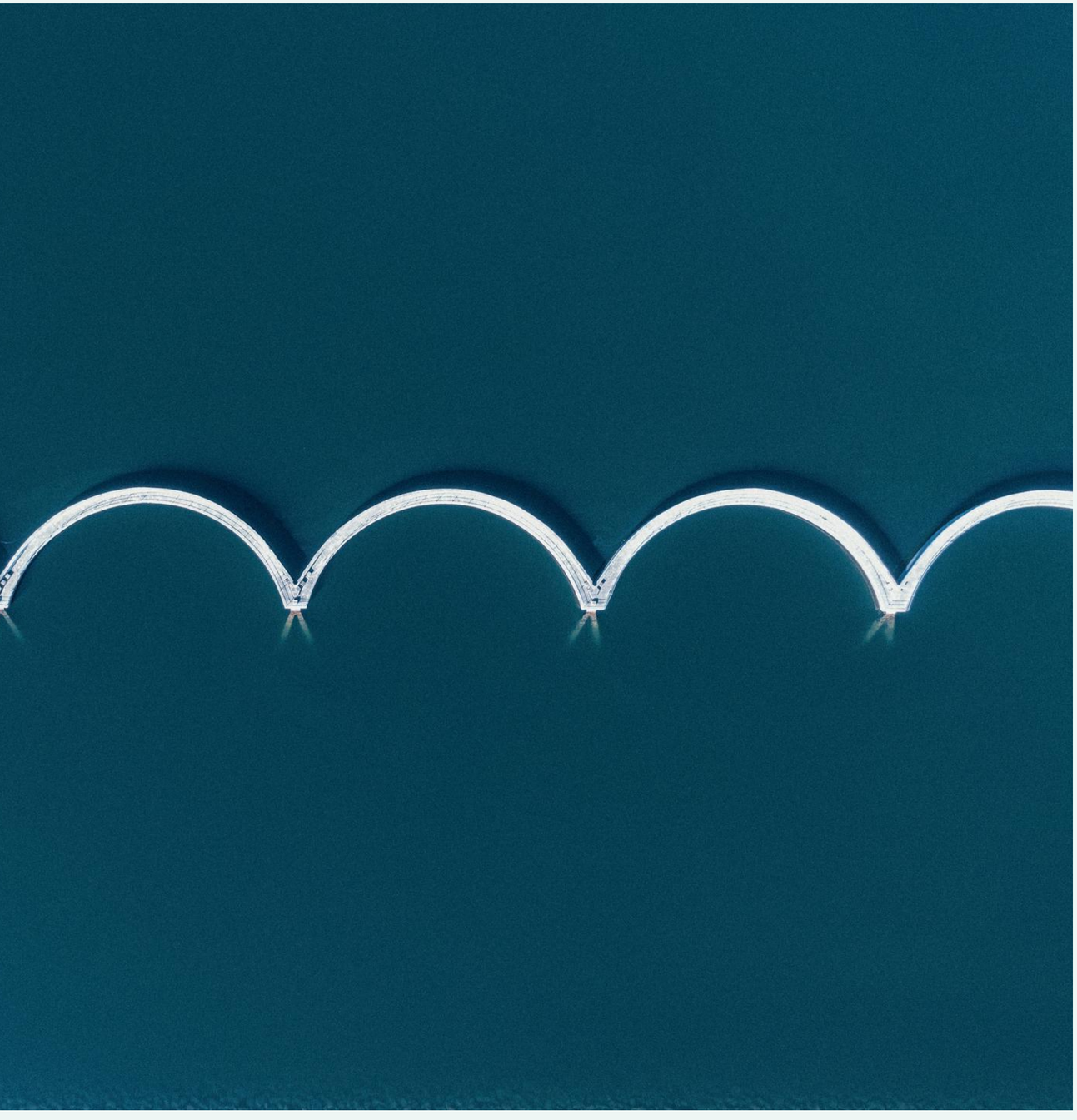
Strong growth in renewable energy

More renewable energy is required. The need for energy security, development and maintenance of industry in Europe and the green transition mean that continued growth in the production of renewable power is of vital importance.

Developing, building and operating power plants are at the core of Hafslund's activities. The Group has an impressive hydropower business, but during 2024 Hafslund also strengthened its position in onshore wind power through the acquisition of Tonstad wind power farm. This is one of Norway's largest wind farms, with installed capacity of 208 MW and annual production of 670 GWh. Power production from Tonstad is sold to Hydro Energy through a long-term power agreement with a duration of 25 years. In autumn 2024, Orkla announced that it was exploring structural alternatives for the company's hydroelectric power plants, and in January 2025, an agreement was signed in which Hafslund acquires Sarpsfoss Limited. The acquisition gives Hafslund control of all power production in the lower Glomma area and added 536 GWh to the portfolio.

The Group is continually working to find good development projects and opportunities to upgrade existing facilities. Hafslund has more than ten different projects under development. In June, Hafslund was awarded a licence to build the Hemsil 3 power station in Hallingdal, and a licence application for Sarp 2 is being processed by NVE. The acquisition of Sarpsfoss Limited could increase the likelihood of being able to profitably develop Sarp 2. However, developing new power production is a time-consuming process. This is also noticeable in the work on developing projects within onshore wind and solar, which involves drawn out processes with various stakeholders.

In 2024, Hafslund ended the Blåvinge offshore wind development partnership with Fred. Olsen. Blåvinge decided not to submit a licence application for Utsira Nord, and the parties considered it to be more appropriate to go their own separate ways when assessing a potential offshore wind initiative in the future. An offshore wind initiative may once again become of interest to Hafslund if there are plans for hybrid cables, which would make interaction between offshore wind and hydropower more relevant.



Balance for the energy system of the future

Most of the current production technologies within renewable energy are not possible to regulate. However, the energy system needs to remain in balance, and the flexible sources, such as hydropower plants with reservoirs, are becoming increasingly more important and more valuable as more non-flexible power such as solar and wind is starting to come online.

Flexible power with a high level of installed capacity can produce a great deal of power within a short period of time. This is of major value for ensuring that the energy system has enough power, even during the hours when the need is greatest, for example, when there is no sun or wind. Hafslund is exploring several exciting capacity projects in the existing portfolio. Hafslund is also looking at the potential for increasing flexibility during rehabilitation and upgrades.

The value of flexible hydropower reservoirs is also demonstrated in situations of flooding, of which there have been several in recent years. In 2024, Multiconsult prepared a report on behalf of Hafslund which concluded that hydropower regulation has had a considerable mitigating effect and significantly reduced the extent of damage.

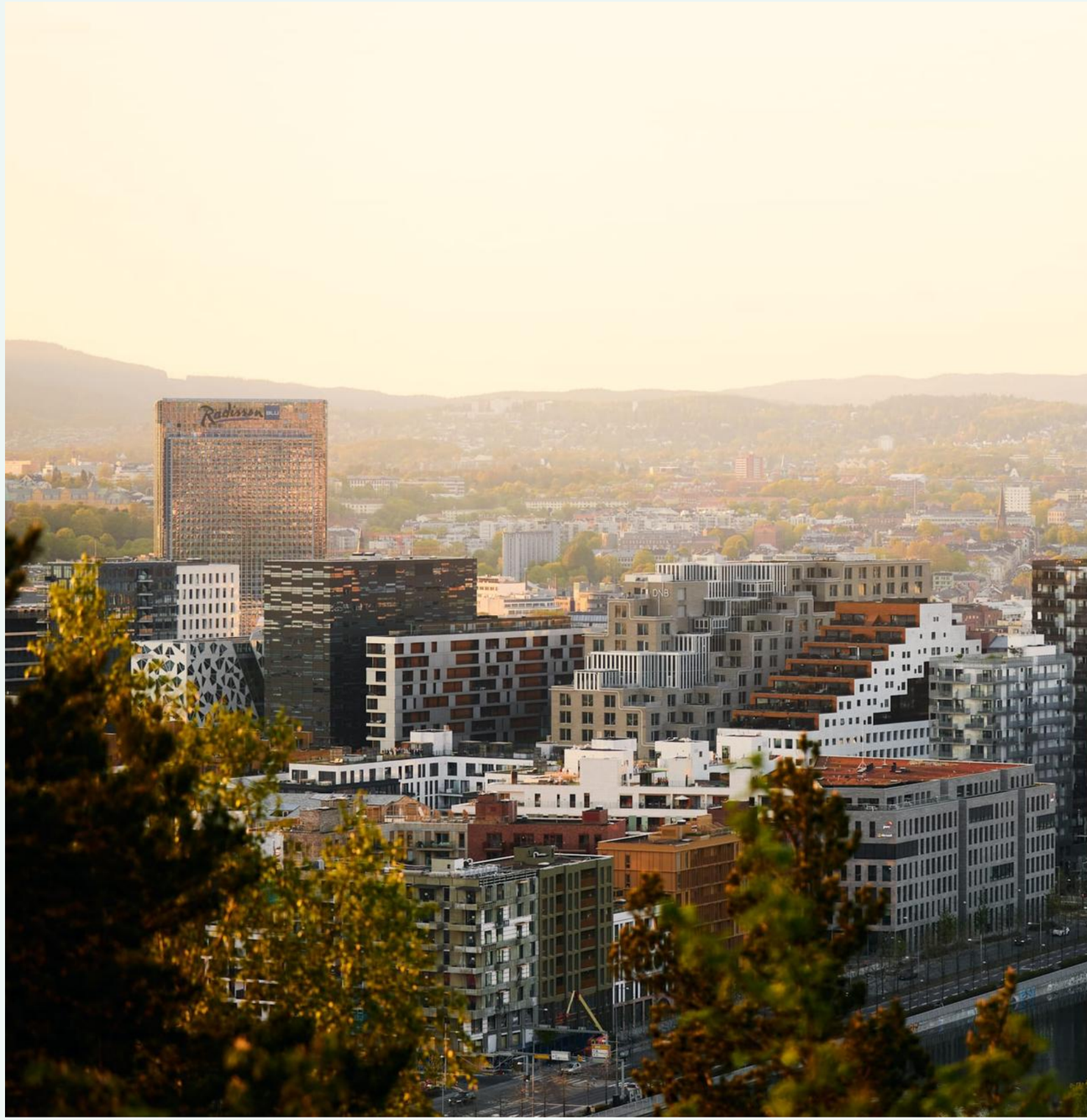
District heating is also an important flexible source of energy, especially in the cities, where district heating frees up capacity on the grid for other consumption of electricity. Increased use of district heating can thus lower consumption peaks, also called peak loads, in the grid and thereby reduce the need for expensive grid development. In recent years, the district heating industry has experienced multiple instances of poorer framework conditions, and profitable operations have been difficult to achieve. Throughout 2024, Hafslund worked tirelessly to highlight the value of the district heating sector to society and thus the critical importance of ensuring there are sustainable framework conditions.

Smart and green urban development

Hafslund has an extensive portfolio across the energy system. Ownership in Eidsiva Energi, with its significant grid, broadband and bio-heating activities, Hafslund Celsio, with district heating, and Hafslund Vekst, which has a portfolio of initiatives at the intersection between renewable energy and green technology, places the Group in a position to succeed with solutions for a smarter and greener city. In 2024, Hafslund Celsio sold the company Hafslund Fiber to Eidsiva Bredbånd. Since 2019, Hafslund Fiber has established significant fibre infrastructure in Norway's capital city through Hafslund Celsio's district heating routes. Eidsiva Bredbånd is well-equipped to further develop this infrastructure.

Another good example of smart and green urban development initiatives is the commitment to secure and energy-efficient data centres. Hafslund established the company Skygard together with Telenor, HitecVision and Analysys Mason, and in early 2024 an investment decision was made to construct a data centre at Hovinbyen in Oslo. It is planned that the excess heat from the data centre will be fed into the district heating grid. The first construction phase is expected to be completed in the fourth quarter of 2025.

2024 also saw major activity within Hafslund Vekst's focus on mobile energy solutions. Mobile energy solutions work to facilitate emission-free construction sites and offer the rental of batteries and super-fast chargers.



The best minds are the key

Without the best minds, Hafslund will not succeed in any of the other ambitious initiatives. At year-end 2024, the Group had 902 permanent employees, which was a significant increase from 2023. In recent years, long-term work has been dedicated to "employer branding" and recruitment, and the Group is increasingly experiencing being an employer where "talent is knocking on the door". This rise in the number of employees is the result of increased activity, particularly in the power production business and professionalisation of group functions. There were also new hires based on the expected high level of retirements in the coming years.

Ensuring that employees enjoy and are motivated by their work and that each and every employee has the opportunity to achieve their potential is high on the Group's agenda. The Group actively works with organisational development, leadership and employee development. Managers play an important role in ensuring development and well-being at the workplace. Hafslund has its own leadership program for the Group's managers, called "Handlekraft" (Power to act). The "Ny som leder" (New Manager) programme was established in 2024, which is offered to personnel managers with no prior management experience.

Hafslund is an employer with a vast range of employees in terms of age, education, professional background and place of work, who work at facilities and offices across all of Southern Norway. Hafslund has zero tolerance towards discrimination and harassment, and actively works to prevent discrimination within all parts of the organisation, particularly when concerning diversity, recruitment, and pay and working conditions. Hafslund's gender equality report, which has been prepared in accordance with the Norwegian Equality and Anti-Discrimination Act, is available at the Group's website under Åpenhetsloven.

Hafslund strives to be a good workplace for employees throughout all phases of their lives, and initiatives related to this were introduced for employees in 2024. The changes include, from 2024, the introduction of one week of extra holiday leave for parents of children up to the age of ten, as well as a 6.5-hour working day for up to three months for parents who are returning from parental leave.

Hafslund must ensure at all times that there are safe working conditions, not only for employees but also for contractors and others associated with the business. The Group is clear on its position that "Nothing is so urgent that it cannot be done safely". HSE work is being adapted to become even better at preventing incidents, with a focus on where the risk is greatest. A Group HSE function was established in 2024 with overall responsibility for further developing the work throughout the entire Group. Hafslund has working environment committees in its larger companies, committees for the parent company Hafslund AS and the growth business were established in 2024. Hafslund did not discover any violations of basic human rights and decent working conditions in either its own workforce or in the value chain in 2024.

All work at Hafslund must be based on the Group's values: "open", "responsible" and "innovative". The cooperation between management and employee organisations works well and makes valuable contributions to the development of the Group.

Open

Means that we:

- are transparent, share knowledge and information about our business
- seek collaboration across disciplines and companies
- appreciate various points of view, difference and diversity
- welcome changes and knows that we don't have all the answers from before

Responsible

Means that we:

- take our social mission seriously
- do what we can to ensure that we fulfill the responsibilities we have been given
- care
- make the effort necessary to solve our tasks in the best possible way.

Innovative

Means that we:

- want to solve challenges and contribute to value creation
- will constantly work to make it better
- face the future with a curious attitude.

Hafslund's business areas

Power production

The power business operates and/or owns 81 hydropower plants and three wind power plants, with total production of approximately 21 TWh. This makes Hafslund's power business the second largest in Norway. The power plants are located primarily in Vestland, Oslo, Akershus, Buskerud, Østfold and Innlandet, and consist of both reservoir and run-of-river power plants. The production company Hafslund Kraft is owned 56 per cent directly by Hafslund and 44 per cent by Eidsiva Energi.

Hafslund is the operator in Norway that has commissioned the majority of new hydropower production in recent years. The development of approximatively 1 TWh in new renewable power production was completed from 2018 to 2022. The power business has several projects which have the goal of contributing to further increasing renewable production and output capacity. During 2024, a licence was granted for the construction of Hemsil 3 power plant (110 GWh), and a licence application for the construction of Sarp 2 power plant (184 GWh) was submitted to the Norwegian Water Resources and Energy Directorate (NVE). Hafslund also sent a request to the NVE to assess whether the construction of a fifth generator in the Kykkelsrud Fossumfoss joint facility (140 GWh) will require a licence. In addition to increasing renewable production, these three expansions will also increase output capacity by 255 MW. Work is also continuously being done to upgrade and expand existing power plants. In 2024, significant resources were invested in upgrading dam structures to ensure compliance with the Dam Safety Regulations. These upgrades are major construction projects, some of which are located high up in the mountains, and usually take place over several seasons due to snow/ice conditions.

Hafslund's wind power portfolio was strengthened significantly by the acquisition of Tonstad Vindkraft AS in 2024. In addition to Tonstad Vindkraft AS, Hafslund's wind power portfolio consists of 20 per cent ownership interests in the Raskiftet and Kjølberget wind power plants. Hafslund's ambition is to develop wind power projects that pay good consideration to power needs, security of supply, nature and local communities. Tonstad also provides the Group with greater diversification in the power portfolio with production in the NO2 price area.

The power business actively engages in power trading and has a power price hedging strategy which has the objective of stabilising income and cash flows, and exploiting market opportunities. Ongoing analyses are conducted to hedge the sale of power, primarily within the Nordic power market. In order to reduce risk, production revenues are hedged through financial power contracts for the physical supply of power to the corporate market and through long-term agreements with industrial companies.

Physical contracts to the business sector are an important focus area for Hafslund. In the autumn of 2024, the power business entered into two long-term power agreements, with Elkem and Borregaard. The agreements have annual contract volumes of approximately 400 GWh and 88 GWh. However, there is limited demand for long-term industrial contracts and the market for physical contracts to the business sector has declined. However, during 2024, the company was still an active provider of physical contracts and sold fixed-price agreements to a number of companies, both directly and through the companies' electricity suppliers. The financial market is important for the company's hedging activities. The power exchange for the Nordic financial market fell sharply in 2022 and 2023, but developed in a positive direction during 2024, despite liquidity still being very low in comparison with historical levels.

Power production had 519 permanent employees at the end of 2024.

District heating

Hafslund's district heating business is Norway's largest producer and supplier of district heating, as well as the country's leading provider of waste incineration services. The company owns and operates plants in

the entire value chain, from final treatment of waste to production, sale and distribution of district heating. The company's district heating facilities consist of 15 energy centres, 2,547 substations and 700 kilometres of district heating pipes under Oslo that supply heat to 1,314 commercial buildings, 1,236 housing cooperatives and condominiums, as well as 3,729 private households. In total, the company supplies district heating to more than 160,000 households.

Total energy production for the district heating business was 2.1 TWh, of which 1.9 TWh was district heating production and the remaining electricity production. District heating production represents approximately one third of the total supply of district heating in Norway.

The district heating business operates two waste incineration plants at Klemetsrud and Haraldrud in Oslo, and excess heat from the incineration process is used to produce district heating. The company also uses excess heat from sewage and data centres for producing heat. Other sources of energy such as bioenergy and electricity are also used during peak-load periods. Fossil peak load accounts for less than 1.5 per cent of the energy mix and is only used in emergency response situations or on the coldest days of the year.

Incineration is the most environmentally friendly method for final treatment of residual waste, particularly when the excess energy from the incineration process is recycled and there is a good treatment process for flue gas. Waste incineration reduces society's CO_2 emissions, both because it replaces landfills, which produce higher emissions of the more potent greenhouse gas methane, and because utilising the excess heat for energy purposes replaces other energy production. The greatest potential for further cutting CO_2 emissions from waste management lies in increased reuse and recycling, as well as waste incineration with carbon capture and storage (CCS).

The Klemetsrud waste incineration plant is Oslo's largest emission point and produces 19 per cent of the city's total fossil CO_2 emissions. Without carbon capture capability at the plant, the City of Oslo will not be able to achieve its ambitious climate target of reducing GHG emissions by 95 per cent by 2030, compared to 2009 levels. Work was carried out during 2024 to facilitate the resumption of construction of the waste incineration plant after the project had been placed on hold in the spring of 2023 to reduce costs. The carbon capture project achieved several important milestones in 2024. In January 2025, the Hafslund Celsio Board of Directors made the final investment decision for the realisation of the carbon capture project. The state aid agreement and contract with SLB Capturi and Aker Solutions were also signed.

Capturing CO_2 released from the incineration of biogenic material will contribute to removing CO_2 from the natural carbon cycle. This also opens up the possibility of selling carbon dioxide removal credits (CDRs) in the Voluntary Carbon Market (VCM). This could become a significant source of revenue for the company once the plant goes online.

Hafslund Celsio's first district cooling system was built and brought online in 2024. District cooling is an area that is expected to grow in the future.

The district heating business operates licensed business activities that are subject to public regulation. Recent years have shown that the regulatory risk is significant and the overall framework conditions for the district heating industry have been weakened considerably. Hafslund Celsio works purposefully in close collaboration with other companies and industry associations to ensure there are improved and predictable framework conditions. In the short term, the price model, electricity support scheme, including the "Norwegian Price" (Norgespris), waste incineration tax and energy labelling scheme will be prioritised.

The district heating business had 232 permanent employees at the end of 2024. Hafslund owns 60 per cent of Hafslund Celsio AS, while HitecVision and Infranode both own 20 per cent.

Growth and investments

The Growth and investments business area works with established and new growth initiatives within the renewable value chain. Growth and

investments works specifically with company building and new business opportunities related to new renewable production, electrification, and storage of renewable energy with alternative technologies in Norway and the Nordic region, in addition to managing the ownerships where Hafslund is not the majority owner. 2024 saw major activity, particularly in early phase development of solar and onshore wind projects, and in the focus on mobile energy solutions that facilitate compliance with government environmental requirements and the Major City Declaration's goal of an emission-free construction industry. During 2024, the growth business ended the Blåvinge offshore wind partnership with Fred. Olsen, and the company sold all of its shares in Magnora ASA.

The growth business has a clear partnership strategy and collaborates with companies that are able to contribute complementary expertise and financial strength in order to realise new opportunities within the renewable value chain. This includes focussing on charging solutions for heavy transport through Fastcharge AS and the construction of green data centres through Skygard. New onshore wind projects are also being developed in the partly owned partnership with Eidsiva.

The growth business is the largest owner in Eidsiva Energi, with a 50 per cent ownership interest. Eidsiva Energi owns 100 per cent of Norway's largest grid company Elvia, and also has business activities within district heating and broadband. Elvia had close to 1 million customers at the end of 2024 and builds, operates, maintains and renews the power grid in Innlandet, Akershus, Østfold and Oslo. Eidsiva Bioenergi is Norway's third largest supplier of district heating and supplies about 500 GWh of district heating in Innlandet, and Eidsiva Bredbånd supplies fibre and broadband to close to 100,000 customers.

Hafslund Vekst also owns 49 per cent of Fredrikstad Energi AS.

Growth and investments had 56 permanent employees at the end of 2024.

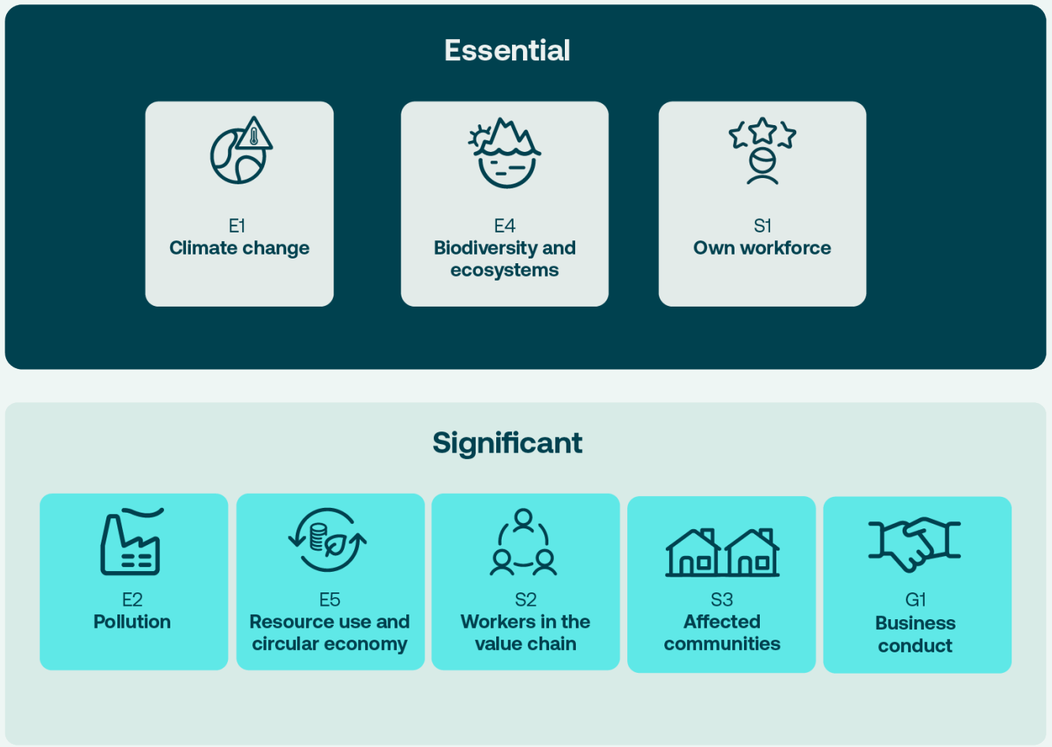
Sustainability

Hafslund’s business strategy is closely linked the Group’s approach to sustainability. At Hafslund, we work "For a world in balance, with renewables". The balance in the energy system needs be maintained, and it is more important than ever that this takes place in a sustainable manner. The Group complies with the ten principles of the UN Global Compact and works towards achieving the targets set in the Paris Agreement and the Kunming-Montreal agreement.

The Sustainability Statement for 2024 was prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS), and the requirements stipulated in the Norwegian Accounting Act. Reporting under the Norwegian Transparency Act is integrated into the Sustainability Statement. Regulation and standardisation that make it possible to compare and ensure that capital is directed where it has the greatest effect are important, and Hafslund views the increasing focus on sustainability, for example through the introduction of the CSRD, as being a positive development. However, extensive efforts were made during 2024 to produce reporting that complies with the recently introduced directive. Hafslund has established a Group-wide sustainability project to report in accordance with the new system of rules. The aim of the project is to incorporate sustainability into corporate governance, identify and implement sustainability measures, and promote transparency and knowledge of Hafslund’s climate, environmental and social responsibilities within the Group.

Hafslund uses a double materiality analysis to conduct annual assessments of the risks and opportunities that the Group encounters. The results of the materiality assessment can be found in the figure on the next page. The materiality assessment establishes the foundation for the work on sustainability targets and action plans.

The result of the materiality assessment



The materiality assessment and sustainability work are further described in the Sustainability statement. The bullet points provide brief descriptions of why the sustainability topics are considered material for Hafslund.

- **Climate change (E1)**: Positive contribution through renewable energy and power balancing, but negative impact through own GHG emissions. Opportunities in new markets and carbon capture, with physical climate risk to infrastructure and transition risk when concerning the transition to a low-emission society.
- **Pollution (E2)**: Potential negative impact from environmental damage and instances of pollution due to failures at treatment plants or other barriers.
- **Biodiversity and ecosystems (E4)**: Land use associated with renewable energy production and impact on species, as well as risk and uncertainty associated with changes to framework conditions. Focus on the preservation and restoration of biodiversity as a competitive advantage.
- **Resource use and circular economy (E5)**: Positive contributions from circular resource use and safe final treatment of residual waste. Framework conditions represent a risk to producers of district heating. Opportunities for developing circular value chain, particularly with carbon capture.
- **Own workforce (S1)**: Secure employment and skills development strengthen the business. Risks related to health, safety and having the right skills at the right time in future recruitment. Opportunities associated with being an attractive employer in a challenging job market.
- **Workers in the value chain (S2)**: Risk of negative impact to the health, safety and rights of value chain workers, with the associated potential legal, financial and reputational consequences.
- **Affected communities (S3)**: Contributions to local value creation and flood protection. Power plants change the landscape and can cause harm to third parties. Local stakeholders can influence the development of renewable energy.
- **Business conduct (G1)**: Transparency, accountability and political engagement create positive effects. Risks related to corruption and violations of laws or failure to meet stakeholder expectations. Ability to positively influence framework conditions through knowledge-based debate.

Results, cash flows, capital matters and dividends

Unless otherwise stated, figures for 2023 are in brackets.

Results and result drivers

Hafslund had a profit after tax of 2024 of NOK 3,757 million (NOK 5,153 million), representing a decrease of NOK 1,396 million compared to last year. Operating profit amounted to NOK 9,130 million, compared to NOK 13,862 million in the corresponding period last year. The reduced profit is mainly due to lower power prices in southern Norway.

For Hafslund, the power price is crucial for the Group's profits. In 2024, the average power price for NO1 was approximately 36 per cent lower than the corresponding period in 2023. The achieved power price was 56 øre per kWh in 2024, 19 per cent higher than the spot prices in the production areas. This is due to production optimisation and hedging activity. At the same time, the achieved price is reduced by the sale of concessionary power at low prices determined by the government.

There has been good operation and high availability at the hydropower plants in 2024. Hydropower production reached a record high level of 19.4 TWh. This was 5 per cent higher than 2023 and 9 per cent higher than normal production for the year. By implementing effective production planning, Hafslund has managed its water resources with positive effects on both profitability and preparedness.

The heat sales were 1,767 GWh in 2024 (1,833 GWh), marginally lower than in 2023. The district heating business reported a profit after tax of NOK 286 million (NOK -62 million). Adjusted for the gain on the sale of Hafslund Fiber AS of NOK 419 million, the profit after tax was NOK -133 million. Weakened framework conditions such as electricity subsidies, increased incineration tax and lower electricity tax make the financial situation of the district heating business challenging.

Operating costs, including depreciation, of NOK 5,398 million (NOK 5,431 million) remain approximately unchanged from the previous year. The figure is composed of an underlying cost increase due to more employees, higher activity levels and general price growth, increased costs following the acquisition of Tonstad Vindkraft and a value adjustment on financial liabilities related to power production[4]. Conversely, lower costs related to the purchase of fuels in the district heating business and the elimination of one-off costs in 2023 related to the CCS project contribute positively.

Profit from associates and joint ventures was NOK 356 million (NOK 595 million). Profit from the ownership in Eidsiva Energi was NOK 389 million (NOK 692 million). The decrease from Eidsiva is mainly due to reduced profit from the grid business. Elvia's accounting operating profit in 2024 is down by just under 25 per cent compared to 2023, mainly due to increased transmission costs to Statnett and reduced congestion revenues. Despite the fluctuations, Elvia's accounting results are expected to even out over time, given the economic revenue regulations for transmission system operator in Norway.

Net financial items were NOK -401 million (NOK -230 million). In 2023, a significant currency gain contributed positively. 2024 is affected by a gain on the sale of Hafslund Fiber of NOK 419 million, in addition to increased interest costs.

Cash flows

Hafslund had net cash flows from operations of NOK 3,360 million (NOK 2,621 million) in 2024, following payment of tax in arrears for 2023 of NOK 7,117 million (NOK 13,838 million).

[4] The Group has financial liabilities recognised in the balance sheet to landowners and other stakeholders as compensation for the inconvenience of using waterfalls and land for power generation. A large proportion is free power with a financial settlement that is valued at fair value based on future power price expectations and the relevant discount rate.

Cash flows from operations before tax in 2024 were NOK 10,477 million, compared to NOK 16,458 million in 2023. This decrease was primarily due to lower power prices in 2024. Tax for 2024 of NOK 5,068 million will be paid in 2025.

Net cash flows from investment activities in 2024 amounted to NOK -1,071 million (NOK 283 million), which includes the purchase of Tonstad Vindkraft AS and sale of Hafslund Fiber AS. Dividends from associates and joint ventures, including Eidsiva Energi, were NOK 719 million (NOK 1,196 million).

Net cash flows from financing activities was NOK -4,223 million (NOK -6,085 million). Dividends paid to the City of Oslo and minority owners amounted to NOK 3,824 million (NOK 3,072 million). During the period, the Group increased external interest-bearing debt by NOK 6,746 million (NOK 2,074 million), and paid off interest-bearing debt by NOK 6,068 million (NOK 4,737 million).

Financial position, financing and equity

At the end of 2024, Hafslund had total assets of NOK 95,811 million (NOK 91,048 million) and capital employed of NOK 67 billion (NOK 64 billion), an increase of approximately 5 per cent since 31 December 2023.

The Group's net interest-bearing debt including subordinated loans was NOK 14 billion (NOK 10 billion). Three subordinated loans are from CCS Finansiering AS, a company 100 per cent owned by the City of Oslo. For more details, see note 9.1 Related party transactions in the consolidated financial statements. This note also discusses other related party transactions, such as CCS Finansiering AS' preference shares in Hafslund Celsio and a smaller long-term receivable the Group has from Fredrikstad Energi, in which Hafslund owns 49 per cent.

At the end of 2024, the Group had unused credit facilities of NOK 3.5 billion (including an overdraft facility of NOK 1 billion), unchanged from 31 December 2023. Of the Group's overdraft facility of EUR 50 million to cover daily market settlements for futures contracts on Nasdaq OMX, EUR 49 million was left unused by the end of 2024. The Group has loan agreements without requirements for financial key figures (financial covenants).

In May 2024, Hafslund secured a loan of NOK 1 billion with floating interest. The loan amount is divided into two tranches, each of NOK 500 million, with terms of eight and ten years respectively. The loan will be used to finance upgrades in hydropower. In August, four new green bonds totalling NOK 2,800 million were issued, with maturities spanning three to ten years.

In June 2024, Scope Ratings confirmed Hafslund's A- company rating with a positive outlook. In January 2025, S&P announced its official rating of Hafslund, A- with a stable outlook. The Group aims to maintain a solid investment grade rating with financial metrics that support this, including an FFO/debt ratio exceeding 20 per cent over time.

Result Power production

The Power production business area had revenues of NOK 11,751 million (NOK 15,599 million) in 2024. The operating profit (EBIT) of NOK 8,937 million (NOK 13,317 million) is a reduction of NOK 4,380 million from last year. The reduction in revenues and operating profit is mainly due to lower power prices in Southern Norway.

Achieved power price of 56 øre per kWh in 2024, is down 17 øre per kWh from last year. In isolation, this contributed to NOK 3,066 million in lower revenues compared to 2023. The power price achieved is 19 per cent higher than the spot prices in the production areas and must be viewed in connection with production optimisation and hedging activity, in addition to the sale of concessionary power at prices determined by the government. Operating profit includes a value change of NOK -43 million (NOK 1,224 million) related to financial power and currency derivatives which are valued at market value in profit or loss.

Power production reached a record high in 2024 with 19.7 TWh, including 0.3 TWh from Tonstad Vindkraft (from 1 July). This was 6 per cent (1.2 TWh)

higher than in 2023, and 8 per cent higher than the normal production. In isolation, higher power production contributed to NOK 633 million in increased operating profit compared to last year. Braskereidfoss power plant is currently offline due to damage from the storm "Hans" in August 2023. Braskereidfoss has an annual normal production of 170 GWh, just under 1 per cent of annual normal power production.

Operating costs including depreciation were NOK 2,839 million (NOK 2,292 million) in 2024. Increased costs from 2023 are due to a value adjustment of NOK -226 million compared to the previous year on financial liabilities related to power production[5], and the acquisition of Tonstad Vindkraft, which resulted in an increase in costs by 165 million kroner[6]. This, as well as somewhat higher activity, contributes, together with more employees and general price growth, to increased costs compared to 2023.

Result District heating

The district heating business achieved an operating profit of NOK 177 million (NOK 190 million) in 2024, with a sales volume of 1,767 GWh (1,833 GWh).

The district heating business had total revenues of NOK 2,388 million in 2024 (NOK 3,072 million), primarily related to district heating revenues. Despite sales volume being on par with last year, revenues from underlying operations are NOK 389 million lower in 2024, mainly due to reduced power prices. The district heating price follows the electricity price, which has been significantly lower (36 per cent in NO1) in 2024 than in 2023.

Total operating costs were NOK 1,795 million in 2024, compared to NOK 2,287 million in 2023. The decrease of NOK 493 million was partly due to lower costs associated with energy purchases as a result of lower electricity and fuel prices. Other operating costs were also NOK 254 million less than the previous year due to one-off costs related to the cost-reducing phase of the carbon capture project in 2023.

In 2024, Hafslund Celsio AS sold 100 per cent of the shares in Hafslund Fiber AS to Eidsiva, a company in which Hafslund has a 50 per cent stake. The sale resulted in an accounting gain of NOK 419 million. For further information, see note 1.6 Transactions and events in 2024, in the consolidated financial statements.

The profit before tax for the district heating business was NOK 265 million (NOK -102 million) and this was largely generated by the NOK 419 million gain from the sale of Hafslund Fiber AS, a company that is not related to the underlying business activities within waste incineration and district heating. When adjusted for the sale of Hafslund Fiber AS, the district heating business delivered a pre-tax result of NOK -154 million. The result was impacted to a large extent by negative developments in framework conditions in recent years. The overall negative effect on results caused by the electricity support scheme, increased waste incineration tax and lower electrical power tax is significant.

Result Growth and investments

The Growth and investments business area had revenues of NOK 23 million in 2024 (NOK 15 million). The increase is mainly due to the emphasis on mobile energy solutions, in addition to advisory and consultancy services. Operating costs, including deprecation, amounted to NOK 163 million (NOK 145 million), an increase which to a large extent reflects an increased number of employees compared to 2023.

Profit from associates and joint ventures was NOK 330 million (NOK 599 million). The profit from Eidsiva Energi was NOK 389 million (NOK 692 million), and the contribution is thus significantly reduced compared to last year. This can largely be attributed to lower profit in the grid business. Elvia's accounting operating profit has dropped considerably in 2024

[5] The Group has recognised financial liabilities to landowners and other parties as compensation for the inconvenience of using waterfalls and land for power production. A large portion is free power with financial settlement valued at fair value based on future power price expectations and the relevant discount rate.
[6] Depreciation accounts for 77 per cent of the amount (NOK 127 million).

compared to 2023, largely due to higher costs against the overhead grid and lower congestion revenues[7]. The increased transmission costs to Statnett are due to the fact that the fixed element of the tariff has returned to a similar level as before, after a reduction in 2023. The fluctuations in Elvia's accounting results are expected to stabilise over time, given the economic revenue regulations for transmission system operators in Norway.

Operating profit in Growth and investments was NOK 190 million in 2024 compared to NOK 470 million in 2023.

Parent company Hafslund AS

The parent company Hafslund AS comprises the Group management team and Group and support functions. The company's income primarily consists of interest income and dividends received. Hafslund AS had an operating result (EBIT) of NOK -174 million (NOK -115 million) in 2024, and net financial items of NOK 2,616 million (NOK 2,743 million). The annual profit for 2024 was NOK 2,313 million (NOK 2,495 million). The Group's debt is largely held by the parent company. The parent company forms the main part of the "Other business" segment.

Dividend and allocation of profit for the year

The dividend is determined each year in consultation with the owner and in such a manner that the Group's capital requirements and credit quality are maintained. During the year, the Board continually monitored the Group's market and operating conditions, the equity and liquidity situation, and the dividend capacity.

For 2024, the Board proposed a dividend of NOK 1,950 million. The dividend aligns with the City of Oslo's expectations and is considered justifiable when taking into account the Group's equity situation, liquidity and future prospects.

The Board proposes that Hafslund AS' profit for the year be allocated as follows:

Profit for the year in Hafslund AS' financial statements	NOK 2,313 million
APPROPRIATIONS:	
Dividend allocated from Hafslund AS to the City of Oslo	NOK 1,950 million
To/from other equity	NOK 363 million

Going concern assumption

In accordance with the requirements of the Norwegian Accounting Act, the Board confirms that the annual financial statements have been prepared in accordance with the going concern assumption and that the conditions for this have been satisfied.

Events after the reporting period

Several important events for Hafslund have occurred thus far in 2025, including an agreement with Orkla ASA to purchase Sarpsfoss Limited, an investment decision on the carbon capture plant at Klemetsrud, a government proposal to introduce a "Norwegian price" (Norgespris) on electricity, and the establishment of two loan facilities. For further information, please refer to note 9.3 Events after the reporting period in the consolidated financial statements.

[7] *Congestion revenues are revenues that arise when electricity is transferred between price areas with different electricity prices. In 2024, the grid companies received a significantly lower amount from Statnett than in 2023.*

Risk management

Hafslund is exposed to risk in a number of areas. The most important risks are of a financial, regulatory, operational and reputational nature. Risk management is an integral part of the Group's business and is designed to ensure that strategic, operational and financial objectives are achieved. Hafslund has established guidelines and frameworks for managing risk.

The Group's overall risk is continually monitored and assessed by the Risk and Audit Committee and the Board of Directors as part of the annual cycle and in the event of major changes. The Group's risk work is closely linked to the Group's strategy and sustainability work and the financial structure. The purpose of risk management is to take the right risk based on the Group's appetite and capacity for risk, expertise, financial solvency, development plans and dividend targets.

In 2024, the Group's risk picture has been particularly characterised by increasing geopolitical unrest. The risk of a global trade war and uncertainty in economic markets could affect inflation, availability and cost of critical components and inputs. Consequences of ongoing conflicts with possible spread and escalation include an increased likelihood of attacks on critical infrastructure, also in Norway. In addition, the ever-recurring political debate on electricity prices poses a risk of system adjustments and changed framework conditions with possible negative consequences for profitability and further growth opportunities. Finally, increasingly extreme weather events increase the risk of damage to physical infrastructure.

Financial risk: Market risk

Due to the Group's power and district heating activities, Hafslund is exposed to movements in market prices. For the power business, this applies in particular to the price of electricity and the exchange rate for euros to Norwegian kroner. For the district heating business, in addition to the price of electricity and currency, there is also the price of input factors used in the production of district heating. Among the steps the Group takes to manage risk is active participation in different markets. All power trading is governed by frameworks and followed up through reporting to Group management and the Board. Within these frameworks, parts of future exposure are hedged on the power exchange and against bilateral counterparties. In 2024, Hafslund entered into two long-term power agreements for periods to 2034 and 2035. The Group's power trading unit also actively takes positions in the market. The Group's operations are adjusted in accordance with factors such as the perception of future prices, own production capacity and regulatory conditions.

Hafslund generates substantial revenues in euros through its ownership interest in the power production business, and the Group is an active participant in energy markets where trading takes place in different currencies, and particularly in euros. Earnings in foreign currencies are converted to Norwegian kroner on an ongoing basis. The Group's costs are primarily in Norwegian kroner. A weakening of the euro against the Norwegian krone could therefore result in lower earnings. Throughout 2024, the euro has strengthened relatively against the Norwegian krone.

Hafslund can enter into loan agreements and other agreements in a foreign currency. All long-term loans in foreign currency and parts of the power price-hedged volume are currency-hedged. The Group is exposed to interest rate risk on interest-bearing loans, and manages interest rate risk, among other things, with a combination of loans with fixed and floating interest rates as well as interest rate swaps, and by utilising the natural interest rate hedge between the interest element in the non-taxable income in the power business and interest on the loan side.

In addition to operations, Hafslund is particularly exposed to interest rate risk on loans, for which changing interest rates will have an impact on the Group's financing costs. Hafslund is primarily exposed to interest rate risk through its financing activities in Norwegian kroner and foreign currency. The Group's operating revenues and cash flows from operating activities are also sensitive to changes in interest rates to some extent. Market interest rates have been higher throughout 2024 than in 2023.

Financial risk: Credit and counterparty risk

The Group is exposed to credit and counterparty risk, primarily through the sale of district heating, financial and physical power trading, and in connection with financing activities. For the district heating business, the majority of debtors are public institutions, companies and private individuals that purchase district heating. A significant share of hydropower production is sold on an ongoing basis in the spot market. When entering into longer-term physical and financial contracts, counterparty risk is managed using clearing, guarantees and settlement mechanisms. Exposure related to contract counterparties is continually monitored and evaluated. Risk is limited and managed in accordance with the Group's established framework, which includes defined limits for credit ratings of approved counterparties, and diversifying exposure over multiple counterparties. The Group has historically experienced low losses on receivables.

Financial risk: Liquidity risk

The Group's cash flows vary in line with factors such as fluctuations in power prices, capital requirements for power hedging, seasonal fluctuations in own production, investment levels and loan maturities. Liquidity risk is managed by maintaining sufficient liquid funds at all times to enable the Group to service all financial liabilities upon maturity, including for extraordinary events, without risking unacceptable loss or damaged reputation. There are continual analyses of ingoing and outgoing payments, and the liquidity risk is reduced by short and long-term borrowing. Hafslund has established long-term, committed credit facilities that ensure access to liquidity, as well as credit lines related to ongoing operations and for use towards capital requirements on the power exchange.

Regulatory risk

Hafslund is impacted by changes to framework conditions within a number of areas. Regulatory and statutory amendments can have a major impact on financial results and other goal attainment. This includes changes in tax levels and new or amended energy market regulations that may impact several of the Group's business areas. Eidsiva Energi, in which Hafslund has a 50 per cent ownership interest, is also particularly exposed to regulatory risks within grid and broadband operations.

Regulatory risk is closely monitored through continuous work on framework conditions. The Group places an emphasis on risk associated with long-term framework conditions in connection with all major investment decisions. The competitiveness of district heating is highly dependent on regulatory factors relating to both district heating sales and incineration of waste and other input factors used for producing district heating. Changes to regulatory conditions could potentially also limit power production. For the Group's flexible hydropower production, market regulation in the physical and financial power markets is also particularly important.

For Hafslund's operations in 2024, the framework conditions for district heating have been of particular importance for regulatory risk. The political framework conditions have both collectively and individually worked against the business, and have resulted in negative developments in profitability and, as a result, significant limitations on the opportunities for further growth. This is despite clear cross-political signals that growth in district heating nationally is politically desirable. Hafslund has therefore worked systematically to improve the framework conditions for district heating in line with the company's goals and strategy. Specific issues of particular importance for district heating include the incineration tax, the energy labelling scheme and the pricing model for district heating. Hafslund has also handled regulatory and political risk related to a number of other topics both locally and nationally, but mainly related to modernisation and development of new power.

Operational risk

Hafslund is exposed to operational risk along the entire value chain. The operational risk is greatest within ongoing operational activities and

project execution. Line management is responsible for day-to-day risk management. The business areas manage operational risk through measures such as systematic maintenance, detailed procedures for activities, controls and emergency response plans. The Group's infrastructure is exposed to physical risk as a result of climate change. This is witnessed not only acutely in the form of more extreme weather, but also chronically in terms of the impact that changing temperatures have on energy production in subsidiaries and the impact on critical supply chains.

The Group has insurance contracts, which include damage to the Group's own production facilities and other property. Liability insurance agreements have been entered into, including dam liability insurance, which covers damage to third parties and third party property. The Group also has insurance related to lost power production in the event of interruptions.

Risk relating to security of supply is of vital importance, and physical preparedness and cyber security are focus areas that are closely monitored. The global security situation still gives rise to an intensified and heightened threat landscape in both the cyber domain and the physical domain, and the Group has been forced to adapt to the new geopolitical situation. Hafslund continuously follows advice and recommendations given by government authorities and supervisory agencies, and regularly participates in information and dialogue meetings with NVE (the Norwegian Water Resource and Energy Directorate) and other government authorities, KraftCERT and the Forum for Information Security in Power Supply (FSK). KraftCERT and FSK are specialist communities within the field of cybersecurity in the power industry that assist their members with advice and management of cyber incidents that are a potential threat to security. Physical and electronic security measures were implemented at several facilities in 2024. In addition, physical penetration tests were conducted at 14 locations in the power business, and activities are being carried out around a security culture. The Group did not experience cyber incidents or other security incidents that had serious consequences in 2024.

Hafslund has established systems for the registration and reporting of censurable conditions, undesirable incidents, injuries and improvement measures. Analyses are continually carried out with the aim of assessing risk, prevention and implementing measures when necessary.

Internal control

Internal control is a vital part of risk management at Hafslund. The Group has internal functions for monitoring risk and for compliance with laws and regulations. The Group also has an independent internal audit function, which will contribute to continual improvement and increased goal attainment by carrying out independent assessments and providing advice relating to internal control and risk management. All of the companies in the Group are governed by legislation, regulations, regulatory requirements and internal guidelines. The Group continually works to manage the risk of non-compliance with laws and regulations. Work is carried out in the line with the support of specialist functions. Internal awareness-raising programmes are used to improve knowledge and ensure compliance within focus areas.

The Group has established routines for the implementation of financial reporting across the Group. Controls are particularly targeted at areas that are considered to have the greatest risk of errors in the accounts. Hafslund endeavours to be a responsible actor in all parts of its business activities, and shall ensure compliance by identifying risk and implementing measures that reduce risk.

Governance

Corporate governance

The City of Oslo owns 100 per cent of the shares in the parent company Hafslund AS. Hafslund's principles for corporate governance are in line with the Norwegian Code of Practice for Corporate Governance of 14 October 2021 (the "NCGB Recommendation") and the City of Oslo's principles for sound governance of limited companies. These principles were clarified in the City of Oslo's ownership report from 2023. Hafslund's corporate governance principles are intended to support the owner's profit goals and contribute to long-term value creation, as well as ensure that the owner and other stakeholders have trust in the Board, the management and the company. Hafslund's report for compliance with the NCGB Recommendation and report on corporate governance pursuant to Section 2-9 of the Norwegian Accounting Act are available on Hafslund's website under "Corporate Governance".

Hafslund's commitment to sustainable, profitable, ethical, safe and responsible conduct is operationalised in the "Ethical guidelines for employees" and "Ethical guidelines and requirements for suppliers". The guidelines were updated in 2024 and are publicly available on the Group's website. The Group's policies establish common guidelines and standards for all companies in the Group over which Hafslund has control through ownership and/or shareholder agreements. All Group policies were reviewed and updated during 2024. The content of the Group policies has been specifically evaluated in relation to the EU Corporate Sustainability Reporting Directive (CSRD).

The work of the Board of Directors

The Hafslund Board of Directors comprises eight members, three of whom are elected by the employees. There are currently three female and five male directors. March 2024 saw the appointment of new Board Chair Jarle Roth after Bård Vegar Solhjell had served in the position since November 2023. Director Mari Thjømøe left the Board in April 2024 and Kristin Færøvik joined the Board in December 2024.

Hafslund's Board of Directors works in accordance with the adopted rules of procedure. The Board is therefore directly accountable to the General Meeting. The Board's Compensation and Organisational Committee prepares matters relating to compensation and organisation to be reviewed and decided on by the Board. In 2024, the committee consisted of Jarle Roth (Chair), Bård Vegar Solhjell and Håkon Rustad. For information regarding the remuneration of senior executives and directors, and the Board's report and determination of salaries and other remuneration for senior executives, see note 7.1 Remuneration to senior executives and directors. Hafslund's guidelines for remuneration to executive management in the Hafslund Group can be found on Hafslund's website under "Corporate Governance". The Board's Risk and Audit Committee assists the Board with assessments of risk, the preparation of the financial statements, sustainability reporting and internal control. The committee consists of Bjørn Erik Næss (Chair), Maria Tallaksen, Halvor Kr. Halvorsen and Kristin Færøvik (from January 2025). The Risk and Audit Committee satisfies the requirement that at least one member must be independent of the Group's operations and have an accounting or auditing qualification. The experience and qualifications of each of the directors are described in the section of the report on the Board of Directors on Hafslund's website.

The Board held eight regular board meetings in 2024 and two extraordinary board meetings, and reviewed one item by email. During 2024, the Board was particularly focused on the work related to the carbon capture project at Klemetsrud, the acquisition of the Tonstad wind farm, framework conditions, sustainability and further developing strategy. Risk, financing and capital prioritisation were also important topics considered by the Board. The Board's work is intended to ensure that the Group develops in the best interests of its owners, employees and other stakeholders.

As part of the Group's insurance coverage, insurance has been taken out for the directors and the CEO for their potential liability to the company and third parties. The total insurance amount is NOK 200 million.

Outlook

The past few years have been characterised by a changing worldview. This situation escalated during 2024, and geopolitical tensions and related conflicts are creating unrest and unpredictability. The United States presidential election was decided in November, and the new administration has taken steps that will bring about significant changes. There is an increased risk of global trade war, with potential consequences for supply chains, cost levels and inflation. Ambitions for international cooperation through the established institutions appear to be waning. The climate challenge is being downgraded. This is not only of major importance to security policy but also to the work in areas such as climate change adaptation and energy transition.

For Norway, cooperation with the rest of Europe will become even more important in the future. The EU is Norway’s most important energy export market. Our energy resources can enable us to contribute to a collaboration that we as a nation are also dependent on in other areas.

Energy is a factor in global political power games, and energy markets are impacted not only by long-term shifts in power but also by events that create periodic abnormal situations. Ongoing conflicts can raise tension and threat levels, and critical infrastructure can be particularly vulnerable to attacks. During 2024 we witnessed incidents that caused damage to critical infrastructure in areas such as the Baltic Sea. There is an increased probability of this type of incident occurring in the future, including in Norway.

Power prices in Norway fell significantly during 2024 and have returned to more normal levels. However, there has been significant volatility. During certain days and hours, prices were below zero, while during other days and hours electricity prices were extremely high. These types of fluctuations and high prices create uncertainty for consumers, and the debate around the power market has become more relevant. Framework conditions that facilitate the production of new renewable power are very important if Norway is to remain an energy nation in the future. However, frameworks and regulations in the power area serve many purposes and are intended to safeguard consumer finances, the climate and nature, redistribution and long-term value creation. It is sometimes the case that regulation which is intended to advance a good cause has unintended and unfortunate consequences for something else. The situation for the district heating industry following the introduction of the electricity support scheme and increased waste incinerate tax is an example of this. The regulatory framework conditions for waste incineration and district heating are crucial for the future prospects of Hafslund's district heating business. Hafslund wants to make a constructive contribution towards the development of regulation that is in the best interests of society, and is working to ensure improved and predictable framework conditions for the industry. In the short term, priority is given to the following four areas: the pricing model, the electricity support scheme including the proposal to introduce a fixed electricity price ("Norgespris"), the incineration tax and the energy labelling scheme. The government’s consultation proposal for a "Norwegian Price" (Norgespris) that will also apply for district heating customers, with associated equal treatment for district heating suppliers, seems promising.

Increased use of district heating is an effective and important measure for relieving pressure on the electricity grid. Most of the electricity consumption in Oslo is used for heating. Facilitating the utilisation of waste heat will reduce the need for an expensive expansion of the electricity grid, and in terms of emergency response purposes, will diversify sources of heating even if the power system encounters challenges. Hafslund’s district heating business is working on realising the world’s first full-scale carbon capture plant for waste incineration. The plant at Klemetsrud will be Hafslund’s most important development project in the coming years, and shall ensure that Oslo can, in the future, manage its own waste and divert waste heat into the district heating network without producing emissions.

Hafslund's goal is to be a growing renewable energy group that utilises its expertise to contribute to the stable supply of renewable energy to society, as a basis for further electrification and protection of the climate, and as a basis for industrial activity and employment. The development and operation of renewable power is Hafslund's most important task. Moving forward, work will continue on bringing more projects to maturity that can provide new power, and not least, new capacity that will ensure we have enough power, even during the hours when demand is at its highest. This should be done as carefully as possible in order to protect nature. The closest project in terms of time is the hydropower development Hemsil 3, for which Hafslund has been granted a licence. Hafslund is proud to be the operator in Norway that has commissioned the majority of new hydropower in recent years, and will continue to work towards increasing value creation from hydropower in Norway.

Hafslund will contribute towards achieving long-term growth and value creation, while still maintaining financial resilience during unpredictable times, and providing stable returns and dividends to our owner, the City of Oslo.

The Board would like to pay tribute to all Hafslund's employees for the work they have put in throughout the year to operate the renewable Group in the best possible way.

Hafslund AS

Oslo, 3 April 2025

The Board of Directors

Jarle Roth
Chair of the Board

Bjørn Erik Næss

Halvor Kr. Halvorsen

Bård Vegar Solhjell

Hilde Veum-Wahlberg

Håkon Rustad

Maria Tallaksen

Kristin Færøvik

Finn Bjørn Ruyter
CEO

Sustainability statement 2024

Contents

General information

Hafslund has been publishing sustainability information for several years. As of 2024, the Group will report on sustainability as an integrated part of its annual report and in accordance with the EU Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) framework and the requirements stipulated in the Norwegian Accounting Act.

Basis for preparation

Unless otherwise stated, the Sustainability statement has been prepared using the same consolidated basis as the annual financial statements. This includes the parent company, subsidiaries and hydropower plants with jointly controlled operating arrangements and joint operations that are included in the consolidated accounts with Hafslund's shares of revenues, costs, assets and liabilities. Unless otherwise stated, Tonstad Vindkraft AS, which was acquired on 1 July 2024, is included in the reporting as of the acquisition date.

The materiality assessment includes Hafslund's upstream and downstream value chain, as well as own business activities. The extent to which information on the upstream and downstream value chains is included is described in each chapter. When describing the goals for the development of renewable energy, Hafslund has exercised the exception to omit information pertaining to commercial value.

The Sustainability statement covers the period from 1 January to 31 December 2024. Since this is the first year that Hafslund has reported in accordance with the CSRD, comparative figures from previous periods have not been included in the metric reporting. Exceptions are for greenhouse gas (GHG) emissions, where 2023 is the base year for the targets that are set, and for emissions into the air and earth.

Hafslund's statement for Section 5 of the Norwegian Transparency Act is covered in the chapters entitled General information and Social information (Own workforce, Workers in the value chain and Affected communities)[8]. A proposal was prepared in 2024 for Group due diligence procedures when concerning suppliers and business partners that will be approved and implemented in 2025. See the chapter entitled Workers in the value chain for more information.

How to read the Sustainability statement

The Sustainability statement consists of four main sections: General information, Environment, Social information and Governance.

General information presents the basis for how the statement was prepared, Hafslund's overall strategy related to sustainability, the result of the materiality assessment, managing impacts, risks and opportunities (IRO), how Hafslund takes stakeholder views and expectations into account, and management of sustainability and material topics.

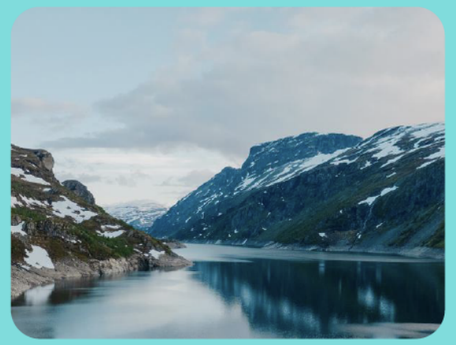
Each of the sections on the different topics Environment, Social information and Governance present Hafslund's relevant policies and thereafter Hafslund's material topic in accordance with the requirements in the relevant ESRS standard. This includes information about Hafslund's management and results, including strategy, actions, targets and metrics. The EU taxonomy is presented at the start of the Environment section.

[8] *This report is the Hafslund Group's joint statement on how the Group conducts due diligence of its own business, suppliers and business partners. The report covers the parent company Hafslund AS and all of its subsidiaries.*

Strategy

Hafslund's business model and value chain (SBM-1)

Hafslund is a renewable energy group consisting of three business areas[9].



Input

Hafslund's power production is based on the natural resources of water, wind and biomass, in addition to surplus heat that would otherwise be lost. Infrastructure in the form of power plants, reservoirs, dams and energy centres is necessary to produce power. Power development and construction of carbon capture are capital-intensive and are realised in close cooperation with partners, state and municipality, as well as obtaining green loans and bonds. Hafslund has a total of 947 employees, of which five are in Sweden, who together operate, develop and maintain the Group's portfolio of renewable energy.

Power production

The power production business area owns, operates and maintains Hafslund's power plants, delivers system services to the power system and sells power in the wholesale market. The Group owns 84 wind and hydropower plants in large parts of Southern Norway, either wholly or in part. Hafslund's normal production totals approximately 18.5 TWh. In total, the Group operates a normal production of over 21 TWh.

District heating

The district heating business area supplies hot tap water and heating to more than 160,000 households in Oslo. The district heating is produced by utilising excess heat from waste incineration, the use of electric boilers and the combustion of biofuels. In addition, excess heat from data centres and sewage systems is used. Hafslund operates Norway's largest waste incineration plant and provides final treatment of residual waste that cannot or should not be recycled.

Growth and investments

The growth and investments business area works with established and new growth initiatives within the renewable value chain. Growth and Investments works specifically with company building and new business opportunities related to new renewable production, electrification, and storage of renewable energy with alternative technologies in Norway and the Nordic region, in addition to managing the ownerships where Hafslund is not the majority owner.

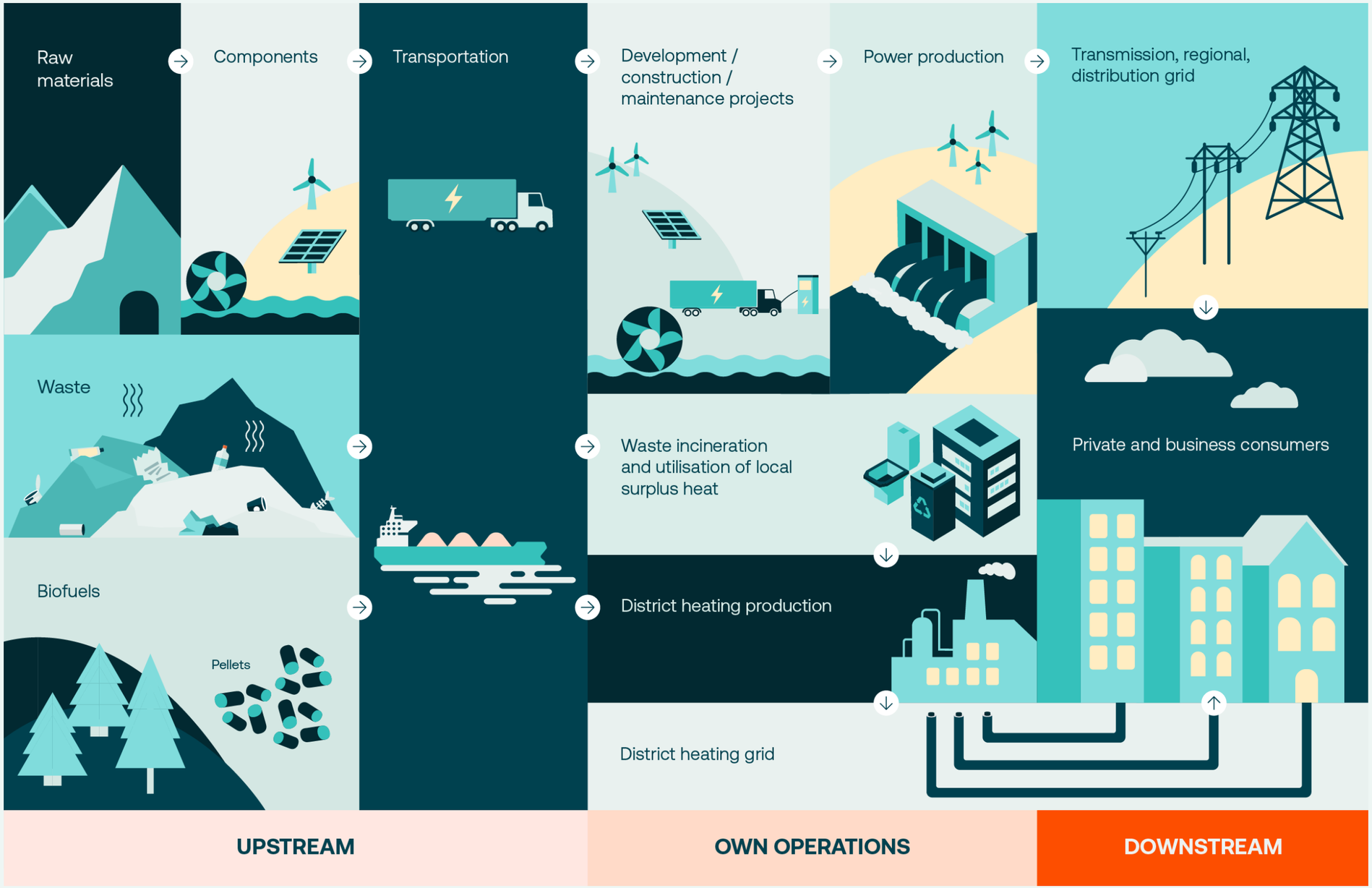
Impact

Hafslund supplies renewable energy from water, wind, surplus heat and biomass, with a total production of 21.65 TWh annually. The business directly and indirectly affects an area of 151,000 hectares. The Group has total greenhouse gas emissions of 691,000 tCO2e. Hafslund will build one of the world's first large-scale carbon capture plants for waste incineration and already delivers safe and environmentally friendly final treatment of 378,000 t of residual waste. Hafslund's locations are spread across Southern Norway, where most of the power plants are jointly owned with local municipalities. In addition to local employment, Hafslund's operations contribute to revenue through dividends and taxes to affected communities.

[9] *See note 2.2 in the Consolidated Financial Statement for the Group's total operating revenue divided among Hafslund's operating segments*

Hafslund's value chain

Below is a simplified version of Hafslund's value chain based on the main activities in the upstream supply chain, own operations and downstream supply chain.



Hafslund's vision and strategy (SBM-1)

At Hafslund, we work "For a world in balance, with renewables". To achieve this, Hafslund's strategy towards 2035 is to supply society with renewable energy while at the same time also working together with nature. The core values of "open", "responsible" and "innovative" must be things that all of us in the Group recognise in ourselves, while also representing something to strive for. The entire Group's culture is based on these values and they guide Hafslund's actions.

Hafslund's strategy towards 2035 is based on five strategic focus areas:

Hafslund will contribute to being climate and nature-positive

Hafslund recognises that climate change and loss of biodiversity are inextricably linked. The Group supports the targets set in the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework on improvements for vulnerable species and ecosystems, and works to contribute towards achieving these.

More renewable energy will be essential for achieving national and international targets to limit GHG emissions in all sectors, while new energy production will also result in encroachment on nature and impact biodiversity. To achieve the climate targets, nature needs to be protected, and preserving natural diversity requires climate change adaptation and a rapid transition to an emission-free energy system. Hafslund shall be a driving force for ensuring the transition to a zero-emission society takes place in a way that protects biodiversity.

Moving towards 2035 Hafslund will:

- Develop energy projects that shall have net zero loss of biodiversity from and including 2030.
- Hafslund will quantifiably improve the conditions for biological diversity from the 2023 level in the existing portfolio of facilities.
- Hafslund will use its position as customer, partner and investor to create positive ripple effects beyond own business activities.
- Reduce GHG emissions in Scope 1 and 2 by 90 per cent and Scope 3 by 50 per cent by 2035 compared to 2023.
- Construct carbon capture facilities at Oslo's largest point emissions.

National goals directly and indirectly establish the framework for Hafslund's activities. In light of the Group's strategic objectives within energy and nature moving towards 2035, the Group shall be a constructive and proactive contributor when government authorities develop rules and regulations. In 2024, Hafslund provided input to political processes involving energy, climate and nature[10], and will continue this work in 2025.

Hafslund will contribute with strong growth in renewable energy

The green transition means that there is an increased need for new renewable energy. Without increased power production, Norway will not succeed in continuing to be an attractive location for new green industries and important workplaces. Hafslund will work to strengthen the power balance in Norway in general and Southern Norway in particular.

Moving towards 2035 Hafslund will:

- Expand existing and build new hydropower.
- Prioritise the development and expansion of renewables projects within solar and wind in Norway.
- Contribute knowledge to the debate on framework conditions and energy development.

[10] *Read more about Hafslund's input in the chapter Business conduct*

Hafslund shall balance the energy system of the future

Europe's energy mix needs to be emission-free in order to achieve the climate targets that have been adopted. With the exception of hydropower and its reservoir capacity, most of the current production technologies within renewable energy are not possible to regulate. The need for efficient and flexible power generation is increasing and Hafslund shall contribute to achieving balance in the energy system.

Moving towards 2035 Hafslund will:

- Increase the ability to regulate hydropower.
- Develop solutions for aggregation and management of production, consumption and storage.
- Relieve the power grid by increasing the share of Oslo's heating needs covered by district heating.
- Act faster in existing and new physical markets by using the strongest algorithms and systems system in the industry.

Hafslund will power smart and green urban development

Society needs to be electrified. Access to renewable energy is increasing, however consumption is increasing even faster. It is Hafslund's desire to facilitate electrification and increased use of excess energy that contributes to smart and green urban development. Hafslund shall be an active provider of predictable, simple and stable energy solutions and contribute to a positive energy transition for the industry.

Moving towards 2035 Hafslund will:

- Develop the thermal energy system in Oslo and the surrounding area.
- Develop solutions within electrification and green cities that create value for industry and end-users.
- Focus on business concepts at the intersection between a smart city and the energy system.
- Be an active driving force for green solutions to enable towns and cities to achieve their climate targets.

The best minds are the key

The battle for talent is the most important battle to win in order for Hafslund to succeed in its strategic ambitions. Without the right minds, it will not be possible to achieve success. That is why Hafslund will work towards being the workplace where the talent comes knocking on our door.

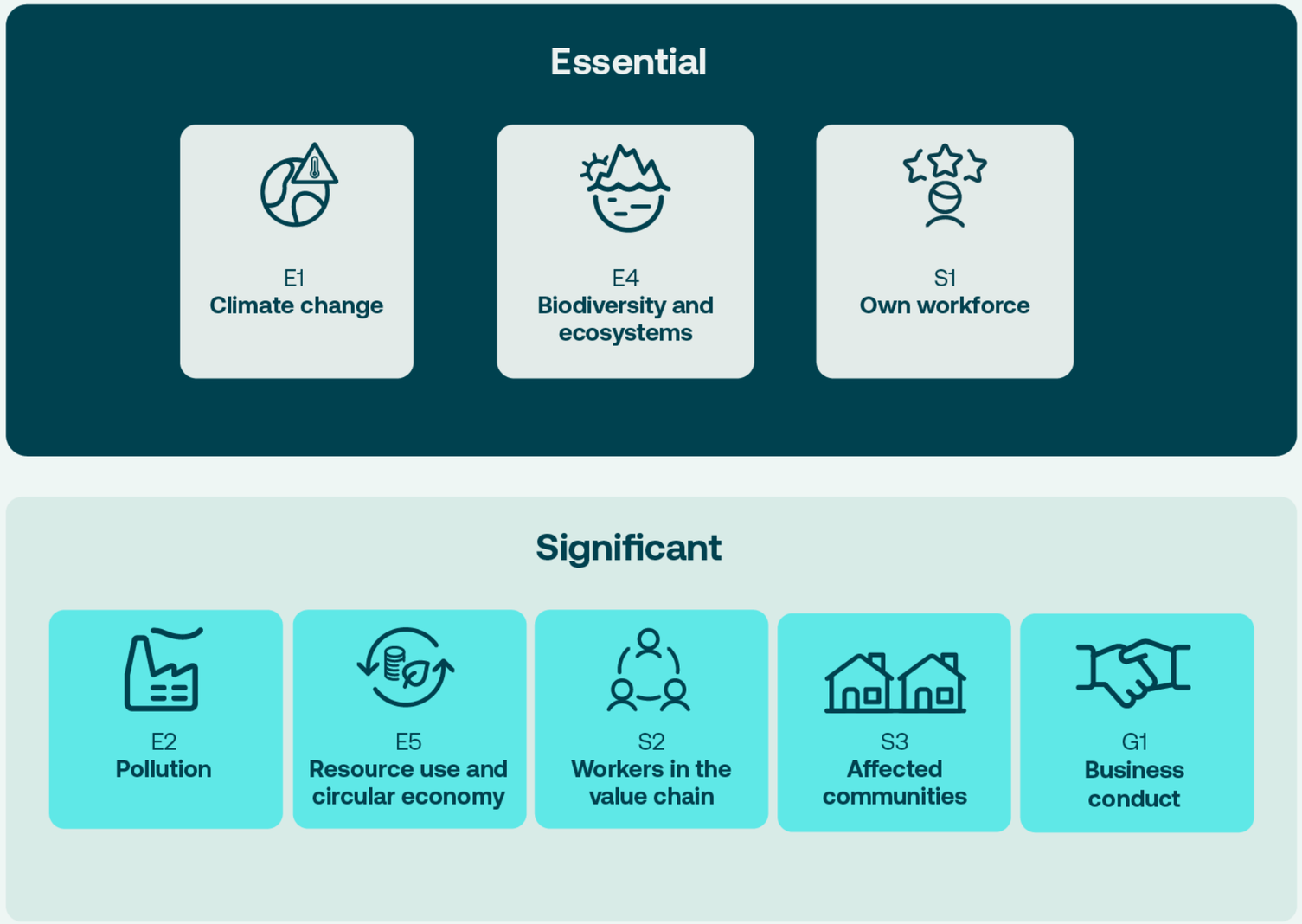
Hafslund takes an interest in its employees and strives to facilitate a working day in which individuals achieve their potential, are motivated and feel that they are developing. It should be meaningful to work at Hafslund, and the Group shall be a place where employees envisage having a long and developing career.

Moving towards 2035 Hafslund will:

- Ensure an open, safe and secure working environment.
- Strengthen diversity and create an inclusive culture to maximise value creation.
- Focus on long-term and targeted development of managers and employees.
- Focus on being seen as an attractive workplace.

How Hafslund works to protect the environment, people and society in a responsible manner is described under each material sustainability topic.

The result of the materiality assessment (SBM-3)



Hafslund has carried out a materiality assessment according to the principle of double materiality. The assessment is based on two dimensions:

1. How Hafslund's business impacts people and the environment, either positively or negatively.
2. How external sustainability-related conditions impact Hafslund's business and thus entail financial risk or potential opportunities.

The materiality assessment resulted in eight material sustainability topics for Hafslund. The most material are classified as essential and the remaining five as significant.

Sustainability reporting is divided into one chapter for each material topic. In the following table, the detailed impacts, risks and opportunities identified from the materiality assessment are presented for each of Hafslund's three business areas.

Hafslund's material impacts, risks and opportunities

K: Power production **F:** District heating* **V:** Growth and investments

Material topic	Positive impact	Potential negative impact	Opportunities	Risk
E1 Climate change	• Production of renewable energy **(KF)** • Relief of power consumption and grid **(FV)**	• GHG emissions in own operations and in the value chain **(KFV)**	• New markets and increased demand for energy and balance in the energy system of the future **(KFV)** • Carbon capture at waste incineration plants **(F)**	• Transition risk (market, regulatory, technological and reputational drivers) **(KFV)** • Physical climate risk (damage and collapse of infrastructure and changes in climate and weather patterns) **(KF)**
E2 Pollution		• Potentially extensive environmental damage from pollution **(F)**		• Potential pollution incidents **(F)**
E4 Biodiversity and ecosystems		• Land use and changes in water and on land **(KV)** • Impacts species and ecosystems in water and on land **(KV)**	• Preservation and restoration of biodiversity and ecosystems as a competitive advantage **(KV)**	• Changes to framework conditions **(KV)**
E5 Resource use and circular economy	• Circular resource use **(F)** • Reduction in quantities of waste and destruction of environmental pollutants and infectious agents **(F)**	• Waste from own operations **(F)**	• Further develop existing opportunities and explore new opportunities within the circular value chain **(F)**	• Unpredictable and unsuitable framework conditions **(F)**
S1 Own workforce	• Skills development **(KFV)**	• Potential undesirable incidents linked to health and safety **(KFV)**	• Being an attractive employer **(KFV)**	• Dependence on the right skills at the right time **(KFV)**
S2 Workers in the value chain		• Potential negative impact on health and safety, workers' rights and human rights **(KFV)**		• Legal, economic and reputational consequences **(KFV)**
S3 Affected communities	• Local value creation **(K)** • Flood protection **(K)**	• Changed landscape **(KV)** • Third-party damage **(KFV)** • Potential negative impact on communities in the value chain **(KFV)**		• Legal, economic and reputational consequences **(KFV)** • Local interests slow development **(KV)**
G1 Business conduct	• Open and constructive political engagement through lobbying and work with framework conditions **(KFV)**	• Potential instances of corruption **(KFV)**	• Successful work on framework conditions **(KFV)**	• Incidents of non-compliance with regulatory requirements, standards or stakeholder expectations **(KFV)**

**The District heating (F) segment includes the district heating business and waste incineration services.*

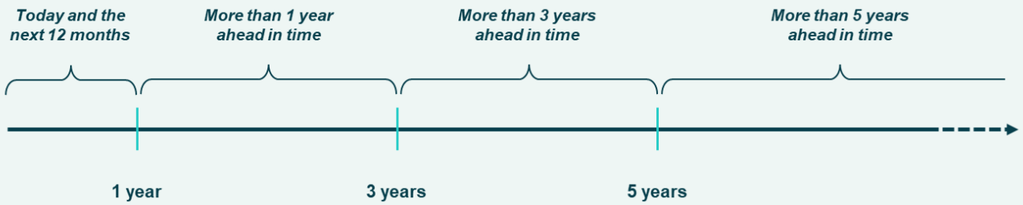
Managing impacts, risks and opportunities

Overall approach (IRO-1)

Hafslund has applied the principle of double materiality when identifying and assessing material sustainability-related impacts, risks and opportunities. The materiality assessment was carried out in accordance with the requirements stipulated in the CSRD and the European Financial Reporting Advisory Group (EFRAG) standard. The preparation process and results were approved by Group management and presented to the Risk and Audit Committee.

The materiality assessment was completed and documented for each of Hafslund's three business areas. This was followed by a consolidation process that resulted in the material impacts, risks and opportunities presented in this report. Hafslund assesses the materiality of actual and potential negative impacts based on the OECD Guidelines for Multinational Enterprises and Due Diligence Guidance.

The time horizons used are the same as for the Group's risk framework. The short term is in the next 12 months. The short to medium term is one to three years in the future, while the medium to long term is three to five years in the future. The long term is more than five years in the future.



Hafslund's materiality assessment is revised annually and updated as required. This process was formalised in 2024. The process consists of four steps that collectively ensure that the materiality assessment has a good professional basis, that it aligns with other governance processes and that it is established with Hafslund's management and governance bodies.

Step 1: Map

The starting point for the materiality assessment is the ESRS 1 list of topics, sub-topics and sub-sub-topics. Hafslund has previously conducted a number of materiality assessments. Several of the sustainability topics have also been closely incorporated into the Group's strategy towards 2035, and the Group's risk landscape has clear parallels with the topics on the list. Previous materiality assessments, strategy work and risk work, as well as experience from due diligence processes, climate risk analysis and other sustainability work constituted the starting point for the materiality assessment in 2024. The terms of reference for the materiality assessments were also set out in this part of the process. Hafslund's materiality assessment is based on own business, upstream value chain and downstream value chain where Hafslund is currently active and will definitively be active in the medium term.

Step 2: Identify

Based on the information obtained during the mapping stage, the topics on the ESRS list were grouped into three categories:

1 Definitely material

2 Definitely immaterial

3 Requires further involvement and analysis

Category three contains topics that are more or less relevant to Hafslund, but for which there was a need for further analysis beyond what was included in the mapping stage. The expertise of internal specialists was drawn upon for these topics, desk analyses were conducted of public information, and the views of stakeholders were taken into account. The latter was primarily carried out using internal resources who have dialogue with relevant stakeholders in the course of their daily work. When this was

not sufficient, publicly available information from legitimate representatives was used.

Step 3: Assess

During the assessment phase, all topics, sub-topics and relevant sub–sub-topics were scored, citing the associated grounds and documentation/calculations where relevant. The degree of material impact was assessed based on size, scope and likelihood. Negative impact takes into account the extent to which the damage can be rectified. Relative severity and likelihood are assessed for potential negative impact.
Financial materiality is assessed in the same manner as in Hafslund's risk framework and is based on the financial consequence and likelihood of a risk or opportunity occurring. There were work meetings and involvement with the business areas to ensure quality control of these assessments. Both financial materiality and impact were assessed using a predefined scale from zero to five.

Step 4: Decide

Based on the predefined threshold for materiality, a final list of material main topics and specific impacts, risks and opportunities was created. The threshold is the same for the impact analysis and financial materiality assessment, with the exception of potential negative impact. The relative consequence is assigned extra emphasis for this, which means that the likelihood carries less weight. A discretionary assessment of the score was carried out by the specialists following the calculation.
The materiality assessment is established with relevant specialist personnel in the various segments, and is also approved by respective management groups.

How Hafslund works with and in relation to stakeholders is described in the chapter entitled How Hafslund takes the views and expectations of stakeholders into account. The insights and results from the stakeholder dialogue are taken into account during all phases of the materiality assessment.

The process for each material topic is described below. The specific impacts, risks and opportunities can be found in the chapters for each topic.

E1 Climate change

Process for identifying and assessing climate-related impacts

The starting point for the climate change impact analysis is Hafslund's greenhouse gas accounts, which provide a good level of quality and an overview of emissions from own operations and emissions from the value chain. The materiality assessment takes into account expected future GHG emissions in the short, medium and long term, based on specific opportunities, forecasts and projects.

Process of identifying and assessing climate-related risks and opportunities

Hafslund has conducted a climate-related risk analysis based on the TCFD framework and the requirements in the EU Taxonomy Regulation. The analysis covers own operations and value chain for the Group and each of the three business areas.
The analysis includes both physical climate risk and transition risk. For physical risk, climate hazards related to mass, temperature, wind and water are assessed for the Group's locations based on geo-coordinates. For transition risk, events related to policies and legislation, technology, market and reputation are considered. The starting point used in the climate risk assessment is the situation in 2023, as well as two different future scenarios in 2030 and 2050. The scenarios used in the analysis are:

- "Low-carbon revolution": A combination of the United Nations Intergovernmental Panel on Climate Change's (IPCC) two scenarios for rapid transition[11] and slow transition[12]. Several reports show that

[11] *RCP2.6*
[12] *RCP4.5*

society is moving towards global warming of over 1.5°C and Hafslund therefore takes the physical climate consequences of this into account in the low-carbon scenario. Slow transition is used as a basis for physical risk and rapid transition is used as the basis for transition risk and climate-related opportunities.

- "Climate chaos": Involves climate policy that is not very ambitious or is non-existent, and serious physical climate change – both acute and chronic. This scenario is based on the IPCC's climate scenario, with little to no change[13].

Exposure and vulnerability of Hafslund's assets[14] to chronic and acute events is output from the climate modelling. Droughts, extreme rainfall, storms, forest fires and floods have been assessed for both scenarios using the following time horizons: 2030, 2040 and 2050. For the district heating business, the climate risks of changing temperatures, sea level rises, saltwater intrusion and landslides were also included in the modelling.

Transition risk is assessed based on sector analyses, stakeholder interviews, and work meetings with management groups and relevant specialist resources. The Group's risk function and sustainability department led the implementation of the analyses together with external experts. The results are integrated into Hafslund's risk framework and taken into account in investment decisions and business plans.

Climate risk must be integrated into financial models, by taking this into account in accounting estimates/assessments, in addition to what has already been built into the forward curve. Hafslund will continue to work on ensuring that the climate scenarios from the climate risk analysis are compatible with critical climate-related assumptions that are made in financial reporting.

E2 Pollution

All heating plants in Oslo are governed by regulations and are set requirements with specific limits on emissions related to the fuel used at the heating plants. This enables there to be a good overview of the district heating business' emissions into the air and water.

Overview of the heating plants in Oslo

Heating plant	Boiler	Fuel/waste	Rated power (MW)
Klemetsrud	K1	Waste	26.5
	K2	Waste	26.5
	K3	Waste	68
	OK3	Oil	13
Haraldrud	K5	Commercial waste	30
	OK2	LNG/Bio-oil	40/50
	OK3	LNG/Bio-oil	40/50
	K1	Wood pellets	56
Hoff	OK1	Bio-oil	45
	OK2	Bio-oil	45
Rodeløkka	OK1	Bio-oil	90
Oslo University Hospital, Rikshospitalet	OK3	Biodiesel	5.8
	OK4	Biodiesel	7
	OK5	Biodiesel	4
Gaustad	OK2	Biodiesel	4.5
Hasle	OK1	Biodiesel	15
Holmlia	OK3	Bio-oil	26
	OK4	Bio-oil	13

[13] *RCP8.5*
[14] *Assets include power plants, reservoirs, dams, energy centres, infrastructure and other buildings in Southern Norway. The model's results are based on geo-coordinates for Hafslund locations.*

Heating plant	Boiler	Fuel/waste	Rated power (MW)
Ullevål	OK4	Biodiesel	7.5
	OK5	Biodiesel	10
	OK6	Biodiesel	10
Vika	OK2	Bio-oil	23
	OK3	Bio-oil	23
Økern	OK1	Biodiesel	15
Tokerud	OK2	Oil	5
	OK3	Oil	3

Risk analyses focused on the external environment and emergency response plans have been established. Emergency response exercises are conducted annually, with emissions to the external environment being the topic. Inspections are carried out by pollution authorities, with emissions and potential pollution as the topic of these exercises.

Application processes for emissions permits follow the process set by the pollution authorities. The general public is notified in accordance with Section 36-7 of the Norwegian Pollution Regulations, and it is principally this notification that constitutes consultations being conducted in connection with pollution.

E4 Biodiversity and ecosystems

Hafslund has conducted an expanded materiality assessment based on the LEAP (Locate, Evaluate, Assess and Prepare) framework from the Taskforce on Nature-Related Financial Disclosures (TNFD). The analysis maps the impacts and dependencies Hafslund's activities can contribute to throughout the entire value chain. Hafslund's greatest impact on biodiversity and ecosystems is through its own business activities, such as the development, maintenance and operation of power plants. Location-based mapping of risks to nature has been carried out in areas that are expected to be impacted by Hafslund's hydropower plants, including an overall assessment of value chain activities. The mapping shows which of Hafslund's facilities are located in, or in close proximity to, ecologically sensitive areas, and whether Hafslund's activities may impact the natural assets in these areas.

Hafslund has followed the steps in the LEAP methodology from TNFD:

Step 1: Map relevant locations

Land use is mapped for all facilities associated with the Power production and District heating segments over which Hafslund has operational or financial control, in addition to the associates Raskiftet and Kjølberget wind power plants. This is the basis for identifying land changes, important locations and the status of ecosystems. Criteria for important locations include protected areas, species of national interest, selected habitats and important functional areas for wild reindeer. Data is obtained from the Norwegian Environment Agency's nature database (Naturbase) and the Norwegian Biodiversity Information Centre's species map (Artskart). A buffer zone is added outside direct land use for each land category to identify how much of the area used by Hafslund impacts sensitive nature in accordance with CSRD/TNFD criteria. This includes protected areas and endangered species within or near this buffer zone. The definition of the buffer zones is described under Impact metrics related to biodiversity and ecosystems.

Step 2: Evaluate actual and potential impacts and dependencies

Hafslund's impacts and dependencies on biodiversity and ecosystems are also evaluated, both in own operations and in the upstream and downstream value chain, across relevant technologies. When evaluating actual and potential impacts, the main drivers of nature loss are taken into account, including climate change, land use changes, direct resource utilisation, invasive foreign species, pollution and other disturbances. Supply services, as well as regulatory and maintenance services, are taken into consideration for dependencies. In this phase, it was assessed as to

how Hafslund's activities can impact and be dependent on biodiversity and ecosystems.

Step 3: Analyse/assess significant risks and opportunities

The analysis of nature-related risks and opportunities is based on the results from phases 1 and 2. The assessment of physical risk includes acute and chronic risk. Transition risk includes policies and regulations, technology, market and reputation. Assessed opportunities include resource efficiency, technology, markets, funding and reputation.

Step 4: Implement actions and targets

Hafslund has identified activities that can be directly linked to ecologically sensitive areas, which provides important insight for prioritising mitigation measures. The nature mapping documents the Hafslund facilities that are located in ecologically sensitive areas and the activities that could negatively impact habitats without mitigation measures. Actions and resources related to biodiversity and ecosystems describes how Hafslund continuously plans and implements mitigation measures. This insight will be used in 2025 to develop a comprehensive action plan for watercourses, which will operationalise the strategic nature targets (described under E4-4 Targets related to biodiversity and ecosystems) through location-specific measures, goals and resource needs.

E5 Resource use and circular economy

The assessment of resource use and circular economy is based on Hafslund's core business, which is the production of power and district heating, preferably in the form of wind and hydropower, and district heating that utilises excess heat that would otherwise be lost. An assessment has been made of resource inflows and outflows and waste that are the direct result of the production.

Resource inflows

The natural resources of wind and water are input factors in wind and hydropower production. District heating production utilises not only excess heat from waste incineration plants, data centres and sewage, but also physical input factors in the form of pellets, bio-oil/biodiesel and electricity for electric boilers. A small proportion of LNG is also used for purposes that include compliance with emergency response requirements for the district heating grid. The District Heating business is located in Oslo, and the various heating plants are described in the section entitled E2 - Pollution.

The supply chain has been assessed for the physical resource inflows used in the production of district heating. Sustainability-certified[15] biofuels are used in district heating production.

Resource outflows

Hafslund's resource outflows are electricity produced and district heating. The distribution of Hafslund's energy production in 2024 is described in the chapter on climate change.

Waste

The District heating business utilises excess heat from waste incineration to produce district heating. During the waste incineration process, approximately 20 per cent of the original quantity of waste is left behind in the form of bottom ash or fly ash.

G1 Business conduct

Hafslund is obligated to act in a sustainable, profitable, ethical, safe and responsible manner. Hafslund must comply with laws and rules and act in accordance with the framework conditions for the business. This is operationalised in the business and in Hafslund's impact on the outside world through the ethical guidelines for employees and ethical guidelines and requirements for suppliers[16]. These governing documents formalise Hafslund's position on good business conduct. Hafslund's values and

[15] *SBP Standard 1 and ISCC EU – ISCC System*
[16] *Further reading in Guidelines that are of key importance to managing sustainability*

expectations from stakeholders indicate that good business conduct is a topic the Group needs to continually work on and follow up. A risk assessment relating to corruption and fraud across the Group's departments and business areas was carried out in 2024.

The collective expectations of stakeholders, responsibility for management and analyses conducted, including in the assessment, would indicate that business conduct is a material sustainability topic for Hafslund.

Index of material disclosure requirements included (IRO-2)

Requirement		Page number	Comments
ESRS 2 General disclosures			
BP-1	General basis for preparation of sustainability statements	43	
BP-2	Disclosures in relation to specific circumstances	97	Value chain estimation in calculating GHG emissions
GOV-1	The role of the administrative, management and supervisory bodies	63	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	63	
GOV-3	Integration of sustainability-related performance in incentive schemes	63	
GOV-4	Statement on due diligence	68	
GOV-5	Risk management and internal controls over sustainability reporting	69	
SBM-1	Strategy, business model and value chain	46	
SBM-2	Interests and views of stakeholders	57	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	48, 88, 101, 107, 121, 131, 142, 154, 164	Covered in the General information chapter and initially in each material topic
IRO-1	Description of process to identify and assess material impacts, risks and opportunities	50	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	55	
E1 Climate change			
E1-1	Transition plan for climate change mitigation	91	
E1-2	Policies related to climate change mitigation and adaptation	71, 90	
E1-3	Actions and resources in relation to climate change policies	92	
E1-4	Targets related to climate change mitigation and adaptation	94	
E1-5	Energy consumption and mix	95	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	97	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	99	
E1-8	Internal carbon pricing	99	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-	Phase-in requirements, not covered in 2024 reporting
E2 Pollution			
E2-1	Policies related to pollution	71, 102	
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E2-3	Targets related to pollution	103	
E2-4	Pollution of air, water and soil	103	
E2-5	Substances of concern and substances of very high concern	106	
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	-	Phase-in requirements, not covered in 2024 reporting
E4 Biodiversity and ecosystems			
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	111	
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E4-3	Actions and resources related to biodiversity and ecosystems	112	
E4-4	Targets related to biodiversity and ecosystems	116	
E4-5	Impact metrics related to biodiversity and ecosystems change	117	
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	-	Phase-in requirements, not covered in 2024 reporting
E5 Resource use and circular economy			
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Requirement		Page number	Comments
E5-3	Targets related to resource use and circular economy	123	
E5-4	Resource inflows	123	
E5-5	Resource outflows	123	
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-	Phase-in requirements, not covered in 2024 reporting
S1 Own workforce			
S1-1	Policies related to own workforce	128, 133	
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S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	133	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	134	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	137	
S1-6	Characteristics of the undertaking's employees	138	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	138	
S1-8	Collective bargaining coverage and social dialogue	139	
S1-9	Diversity metrics	139	
S1-10	Adequate wages	139	
S1-11	Social protection	139	
S1-12	Persons with disabilities	-	Hafslund does not collect information about this due to privacy concerns
S1-13	Training and skills development metrics	-	Phase-in requirements, not covered in 2024 reporting
S1-14	Health and safety metrics	139	
S1-15	Work-life balance metrics	140	
S1-16	Compensation metrics (pay gap and total compensation)	140	
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S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	148	
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	149	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	153	
S3 Affected communities			
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S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	158	
S3-4	Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	159	
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	161	
G1 Business conduct			
G1-1	Business conduct policies and corporate culture	163, 164	
G1-2	Management of relationships with suppliers	165	
G1-3	Prevention and detection of corruption and bribery	166	
G1-4	Confirmed incidents of corruption or bribery	166	
G1-5	Political influence and lobbying activities	166	
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Topics not considered to be material

E3 Water and marine resources: Hafslund's hydropower production is dependent on water resources, however the risk of water shortages is low/minimal in all areas where Hafslund operates. The impact Hafslund has through reservoirs, rivers and waterways is discussed in the chapter entitled Biodiversity and ecosystems, and flood protection is discussed in the chapter entitled Affected communities.

S4 Consumers and end-users: The sub-topics in this standard are information-related consequences (privacy, freedom of expression, access to information), personal safety (health and safety, personal security, protection of children) and social inclusion (non-discrimination, access to products and services, responsible market practices) associated with the products/services sold by a business. The topics are not irrelevant to Hafslund, but the conclusion is that Hafslund's impact related to the defined sub-topics is not material and that there is no significant financial effect associated with potential risks/opportunities. Consumers and end-users, on the other hand, are an important stakeholder for Hafslund. How Hafslund interacts with this stakeholder group is covered in the next sub-section.

How Hafslund takes the views and expectations of stakeholders into account

(SBM-2)

Overall approach

Hafslund interacts with stakeholders at local, regional, national and international levels. Most of this dialogue is with the stakeholders who have closest relationship to the Group, including in connection with own operations and own locations. Hafslund participates in various forums, provides input in connection with political processes and works closely together with government authorities, local communities and special interest groups across all of the material sustainability topics. Regular dialogue with our own workforce and employees at Hafslund's facilities is also of vital importance. By engaging in ongoing stakeholder dialogue, Hafslund seeks to obtain input that provides insight into how the Group's opportunities and risks are assessed externally, as well as how Hafslund can work on improvements related to the Group's own impact.

Hafslund endeavours to use the insight into stakeholder expectations to find opportunities for shared value creation through own business activities. Solutions must be adapted to the Group's commercial requirements and local conditions in accordance with laws and regulations, and align with Hafslund's values and ambitions. The Group takes responsibility for ensuring that local communities impacted by Hafslund's business activities are given a genuine opportunity to be involved in a manner and at a point in time where their input can be taken into account. This has been adopted in the Group's ethical guidelines.

Input from Hafslund's stakeholders was taken into account when identifying and assessing material impacts, risks and opportunities in the 2024 materiality assessment. The collective input from stakeholders received through ongoing dialogue that occurs throughout the entire Group has aided in identifying and assessing material sustainability topics.

Hafslund has dialogue with local and national government authorities related to matters that are of relevance to the company's operations. Entities for framework conditions in particular are involved in rounds of consultations and initiatives across the industry, however, the Group Chair, CEO and Group management team are also involved in the dialogue[17].

In 2025, Hafslund will work on a more holistic approach to stakeholder dialogue to ensure that input is documented and followed up in an appropriate manner and at the correct level of the organisation. The purpose of this is to use feedback to improve and drive new value creation by capturing learning across the companies. A more detailed description of the stakeholder dialogue in connection with Hafslund's

[17] *Read more about the work on framework conditions and consultation responses in G1 Business conduct*

material social sustainability topics is provided below. The specific contact that Hafslund has with the stakeholders associated with the social topics is described in the respective chapters.

S1 Own workforce

Hafslund's employees play a vital role in Hafslund's strategy, and the strategic focus area "The best minds are the key" demonstrates that Hafslund places its people at the front and centre. Employees are essential to all value creation, development and growth in the Group. Hafslund has employees with a vast range of expertise, and requires good specialists and managers to be able to operate and develop the business in line with strategic goals.

Hafslund's values of being "open", "responsible" and "innovative" characterise all actions and decisions that the Group takes. In this context, leadership is a priority area at Hafslund and the Group's management principles are based on these values. This is important in order to strengthen attitudes, and to assist managers with a research-based approach and specific tools for ensuring implementation of the strategy.

Hafslund has zero tolerance towards discrimination and harassment, and actively works to prevent discrimination within all parts of the organisation, particularly when concerning diversity, recruitment, and pay and working conditions. In 2024, Hafslund introduced a "life phase policy" as part of the work on facilitating employees in different phases of life. Hafslund works systematically on the working environment through regular "temperature readings", both in the companies and at Group level.

Health, safety and the environment must be protected and assigned the highest priority in all of the Group's activities. Hafslund has clearly stated ambitions of being a leader within safety, with a vision of zero serious injuries. Hafslund has implemented risk-based safety management, where risks are specifically linked to ownership and operation of facilities and infrastructure. The work in the Group's projects, operations and maintenance involves the risk of injury and undesirable incidents for both our own employees and hired personnel. Safety has been assigned extra priority through the enhancement of the management system for HSE and culture building, where communication and training with employees are essential for ensuring that near-misses, accidents and other undesirable incidents do not occur.

Hafslund is committed to being a responsible employer that takes care of and develops its employees, and has a positive impact on them. The interests, opinions and rights of employees are protected at all levels of Hafslund through both partnerships and employees being able to directly influence processes and decisions within the organisation.

Hafslund is subject to the Activity and Reporting Obligation (ARP)[18]. The report concerns the status of the work on gender equality and diversity and activities carried out during the year. This work is reviewed by the Group Board of Directors each year and the report is published on Hafslund's website.

S2 Workers in the value chain

Hafslund's business areas operate within complex global value chains that have low transparency and carry a high risk of negative impacts on human rights and working conditions, In order to minimise risk, focus is placed on procurement processes and following up suppliers, as well as protecting workers at Hafslund's facilities.

Hafslund conducts various forms of dialogue with workers in the value chain, such as interviews during supplier checks, HSE work at locations and meetings with civil society. Relevant knowledge is also collected about negative impacts on value chain workers through public information from government authorities, research communities and civil society. The insight that the Group obtains through the various processes assists in strengthening Hafslund's understanding and approach to stakeholder dialogue with workers in the value chain.

[18] *See the table in GOV 4 for the Transparency Act for more information related to the work on the Activity and Reporting Obligation (ARP).*

S3 Affected communities

Hafslund supplies renewable energy to residents, which primarily consists of hydropower and excess energy from waste facilities. Profits from these activities are returned back to society through tax revenues and financial remuneration to landowners and licensees, in addition to dividends paid to Hafslund's owner, the City of Oslo. Most of Hafslund's power plants are owned together with local municipalities, which derive benefit from stable tax revenues, dividends and jobs across Southern Norway.

Licences granted by government authorities to utilise natural resources are of vital importance to power plant management. Licences are granted when there are positive social benefits, and environmental and societal interests are protected. The vast majority of energy production in Norway that involves encroachment on nature is subject to licensing requirements, and the licensing process is linked to legislation.

A guiding principle in licensing processes is that adequate information must be provided in the applications that are submitted before the authorities make a decision to grant operators a licence. It is established in law that if a third party may be impacted by a measure, that third party must have the opportunity to make a statement about the measure before the government authorities hand down their decision. This entails, for example, that applications for a wind power plant must be sent for consultation to all parties that may be impacted by the measure. This lays the foundation for democratic participation when government authorities consider individual matters, and enables all impacted parties to influence whether a measure will be implemented, and how measures should be adapted to minimise harm to public interests.

Below is an overview of Hafslund's most important stakeholders, how the Group interacts with these stakeholders, issues that the various stakeholders were concerned about in 2024, and the material sustainability topics for which their input is taken into account.

Stakeholder	Communication channels	Material topics that stakeholders are concerned with	Relevant material sustainability topics
Directorates, civil services and specialist authorities	• Dialogue on individual cases • Consultation rounds • Direct meetings	• Production and distribution of renewable energy, waste incineration, security of supply, competitive power prices • Investments in power development and upgrades • Carbon capture and storage (CCS) • Adapting to and mitigating climate change • Preserving biodiversity and minimising destruction of ecosystems • Minimising pollution • Waste management • Security of supply • Civil protection and emergency preparedness • Follow-up and further development of regulations • Tax • Flood regulation • Ensuring safety (HSE) • Safeguarding human rights and decent working conditions • Training • Cultural heritage	• Climate change (E1) • Pollution (E2) • Biodiversity and ecosystems (E4) • Resource use and circular economy (E5) • Own workforce (S1) • Workers in the value chain (S2) • Affected communities (S3) • Business conduct (G1)
National politicians and parties	• Hearings (verbal and written) • Submissions for party political work • Direct meetings • Visits to Hafslund's facilities	• Production and distribution of renewable energy, waste incineration, security of supply, competitive power prices • Investments in power development and upgrades • Carbon capture and storage (CCS) • Adapting to and mitigating climate change • Preserving biodiversity and minimising destruction of ecosystems • Tax • Security of supply • Civil protection and emergency preparedness	• Climate change (E1) • Biodiversity and ecosystems (E4) • Affected communities (S3) • Business conduct (G1)
Owners	• Owner meeting and quarterly meetings • Dialogue through the company boards • The City of Oslo's Ownership report (Eierskapsmeldingen) • Climate partnership in the Business for Climate (Næring for Klima) network in the City of Oslo	• Dividends and financial returns • Responsible and ethical stakeholder • Responsible procurement practices • Production and distribution of renewable energy, security of supply, competitive power prices • Adapting to and mitigating climate change • Local value creation and jobs • Preserving biodiversity and minimising destruction of ecosystems • Transparency and good reporting • Waste management • Minimising pollution • Risk management and internal control • Compliance with guidelines for management salary level	• Business conduct (G1) • Climate change (E1) • Biodiversity and ecosystems (E4) • Affected communities (S3) • Pollution (E2) • Resource use and circular economy (E5)

Stakeholder	Communication channels	Material topics that stakeholders are concerned with	Relevant material sustainability topics
Capital markets and investors	• Investor meetings • Individual meetings with banks and investors • Financial reporting • Sustainability reporting	• Dividends and financial returns • Responsible and ethical stakeholder • Responsible procurement practices • Adapting to and mitigating climate change • Local value creation and jobs • Production and distribution of renewable energy, waste incineration, security of supply, competitive power prices • Preserving biodiversity and minimising destruction of ecosystems • Transparency and good reporting	• Business conduct (G1) • Climate change (E1) • Biodiversity and ecosystems (E4) • Affected communities (S3)
Current, future and former employees	• Performance appraisal interviews • Employee surveys • Elected representatives and safety representatives • Development programmes • Open meetings • Social media and other digital channels • Recruitment events (e.g. career days) • Whistleblowing channel	• Attractive and developing workplace • Ensuring safety (HSE) • Ethical and responsible stakeholder • Diversity and equality • Social mission and green transition	• Own workforce (S1) • Business conduct (G1) • Climate change (E1)
Municipalities and local politicians	• Public meetings • Processing of licences • Dialogue meetings • Consultations • Ongoing dialogue	• Local value creation and jobs, including municipal revenues, financial benefits, sponsorships and compensation • Recreational opportunities and outdoor activities • Security and emergency preparedness • Planning and building • Municipal services • Commercial development • Preserving biodiversity and minimising destruction of ecosystems • Adapting to and mitigating climate change • Flood protection • Security of supply	• Affected communities (S3) • Climate change (E1) • Biodiversity and ecosystems (E4)
Landowners	• Public meetings • Submission rounds • Negotiation meetings • Information meetings • Ongoing dialogue	• Transparency and early involvement • Agriculture and forestry • Property management • Recreational opportunities and outdoor activities • Position of landowners in the local community • Value creation for the municipality • Compensation to landowners • Preserving biodiversity and minimising destruction of ecosystems • Adapting to and mitigating climate change	• Affected communities (S3) • Business conduct (G1) • Climate change (E1) • Biodiversity and ecosystems (E4)
Affected communities	• Public meetings • Processing of licences • Dialogue meetings • Public meetings • Dedicated project email for inquiries • Social media and other digital channels • Whistleblowing channel	• Value creation for the municipality • Transparency and early involvement • Responsible operations • Preserving biodiversity and ecosystems • Recreational opportunities and outdoor activities • Minimising pollution, noise, visual noise and other potential negative impacts • Flood protection • Adapting to and mitigating climate change	• Affected communities (S3) • Business conduct (G1) • Climate change (E1) • Biodiversity and ecosystems (E4)

Stakeholder	Communication channels	Material topics that stakeholders are concerned with	Relevant material sustainability topics
Customers and Consumers	• Ongoing dialogue • Customer service • Social media and other digital channels	• Competitive power prices (fair prices) • Security of supply • Renewable power • User-friendly solutions • Reduced climate footprint, including GHG emissions from waste incineration • Security and emergency preparedness	• Business conduct (G1) • Climate change (E1)
Special interest groups	• Direct contact • Public meetings • Trade unions • Civil society organisations • Conferences and network gatherings	• Preserving biodiversity and minimising destruction of ecosystems • Recreational opportunities and outdoor activities • Reducing GHG emissions • Transparency and involvement • Ethical and responsible stakeholder • Safeguarding human rights and decent working conditions • Minimising pollution • Waste management	• Biodiversity and ecosystems (E4) • Climate change (E1) • Pollution (E2) • Resource use and circular economy (E5) • Workers in the value chain (S2) • Business conduct (G1)
Hafslund's partners	• Direct contact • Dialogue through the company boards • Whistleblowing channel	• Adapting to and mitigating climate change • Innovation and development of green solutions • High level of expertise and sharer of expertise • Resourceful and impactful	• Climate change (E1) • Business conduct (G1)
Suppliers	• Direct contact • Supplier meetings • Supplier conference	• Competitive power prices (fair prices) • Responsible procurement practices • Transparency and involvement concerning future needs • Ethical and responsible stakeholder • Ensuring safety (HSE) • Safeguarding human rights and decent working conditions • Sustainability reporting	• Business conduct (G1) • Workers in the value chain (S2)
Workers in the value chain	• Direct contact with workers • Trade unions • Civil society organisations • Social audits • Whistleblowing channel	• Safeguarding human rights and decent working conditions • Ensuring safety (HSE) • Ethical and responsible stakeholder	• Workers in the value chain (S2) • Business conduct (G1)
Nature[19]	• Data from publicly available sources, for example, the Norwegian Environment Agency's nature database (Naturbase) and the Norwegian Biodiversity Information Centre's species map (artskart), that are collected through nature mapping (in ArcGIS) • Dialogue with nature and environmental organisations • Research projects	• Preserving biodiversity and minimising destruction of ecosystems • Reducing GHG emissions • Minimising pollution • Waste management	• Biodiversity and ecosystems (E4) • Climate change (E1) • Pollution (E2) • Resource use and circular economy (E5)

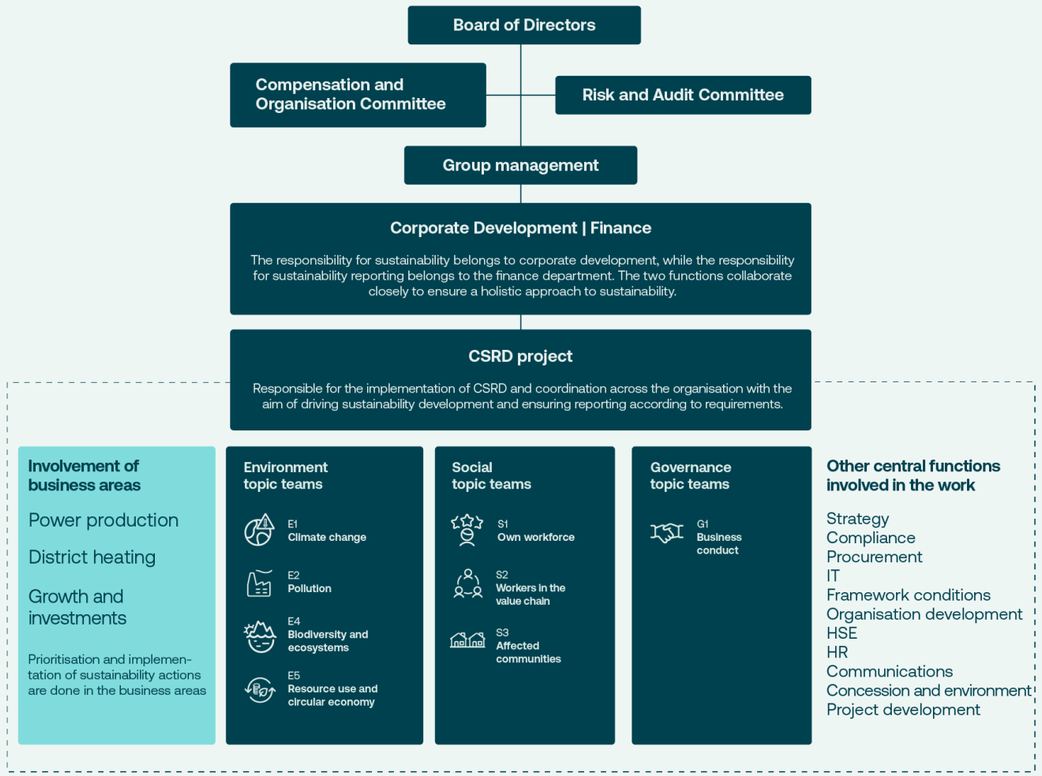
[19] *Nature is identified as a "silent stakeholder," i.e. a stakeholder that is unable to voice its concerns.*

Governance

How sustainability is established in the business (GOV-1, GOV-2, GOV-3)

Role of administrative, management and supervisory bodies

The figure below illustrates the governance structure for sustainability in Hafslund.



The table below provides a summarised overview of the composition of Hafslund's Board of Directors, subcommittees and the Group management team.

The composition of the members of Hafslund's Board of Directors, Subcommittees and Group Management Team	Total	Number		Percentage of total	
		Women	Men	Women	Men
The Board of Directors[20]	8	3	5	38 %	63 %
Employee Representatives	*3*	*1*	*2*	*33 %*	*67 %*
Independent Directors	*5*	*2*	*3*	*40 %*	*60 %*
Independent Directors	*63 %*				
Risk and Audit Committee	4	2	2	50 %	50 %
Compensation and Organisational Committee	3	0	3	0 %	100 %
Group Management Team	7	4	3	57 %	43 %

Hafslund's Group Board of Directors and the Group management team have overall responsibility for sustainability and business conduct at the Hafslund Group. Hafslund's principles for business conduct are embodied in Hafslund's ethical guidelines and are expressed in Hafslund's values. The Group's compliance and internal audit functions constitute the supervisory body with a direct reporting line to the Board of Directors and CEO. These functions monitor, control and assess risk and compliance with applicable requirements pertaining to sustainability and business conduct.

The Board of Directors

The Board of Directors consists of eight individuals with different skills and experience. The Board is governed by rules of procedure that stipulate applicable guidelines for the Board's work and proceedings. When required, the Board's subcommittees, which are referred to below, prepare items for the Board's consideration that pertain to sustainability and sustainability reporting. It is of importance to Hafslund's owner, the City of Oslo, that candidates to serve on the Board have the necessary

[20] *None of the directors are part of the Group management team.*

industry insight, capacity and expertise, including expertise within sustainability.

Risk and Audit Committee
The Risk and Audit Committee is elected by and among the Board's directors. The Committee is composed of members with varied backgrounds who collectively have expertise and experience in areas such as:

- Power industry/Renewable energy
- Finance and financial reporting
- Investments and corporate governance
- Risk management
- Sustainability
- Strategy

The Committee shall have at least one member with expertise in accounting or auditing and at least one member with expertise in sustainability.

In 2024, the instructions for the Risk and Audit Committee were updated such that the Committee is now responsible for reviewing and discussing the company's assessment of risk, impacts and opportunities relating to material sustainability topics with management, including annual updates of the materiality assessment, and assessment of targets and progress on the material topics was clarified. The Committee shall conduct annual assessments of the current and expected financial effects of identified risks, impacts and opportunities within the company's material sustainability topics and how these influence the company's financial plan. The Committee is also tasked with preparing the Board's assessment of risk, including sustainability risk, in connection with major investments.

The Committee cannot make decisions on behalf of the Board, but presents its assessments and recommendations to the Board.

Compensation and Organisational Committee
The Compensation and Organisational Committee is elected by and among the members of the Board. The Committee shall contribute to the independent consideration of matters relating to remuneration to senior executives and also has tasks and responsibilities that include the following areas:

- Skills and organisational development
- Salary policy
- The CEO's employment arrangement
- Organisation and Group management team
- HSE, gender equality, human rights, decent working conditions and affected communities, including:
  - Following up the Group's compliance with the Group's HSE policy
  - Monitoring the Group's efforts to promote gender equality and prevent discrimination
  - Monitoring the Group's work on preventing human rights violations and indecent working conditions in the Group, in the Group's business relationships and in the supply chain
  - Reviewing information about material safety incidents with high accident potential and/or high reputational risk for the Group, with particular focus on learning and management's response
  - Familiarisation with the Group's ethical guidelines and assessing and recommending amendments to ethical guidelines for the Board of Directors
  - Receiving and preparing the Board's consideration of the Activity and Reporting Obligation (ARP) for the Hafslund Group
  - Considering the company's work with material risks and opportunities relating to the topics of human rights, decent working conditions and affected communities at least once a year
  - Being informed of material incidents related to breaches of the Group's ethical regulations

Annual adjustments of remuneration to the CEO and Group management team are assessed in relation to the evaluation of the company's annual targets (KPIs), including integration and achievement of sustainability

considerations. The guidelines for remuneration to executive management were updated in 2024.

Hafslund does not have bonus schemes for the Board, subcommittees or management linked to sustainability-related targets or other results.

The Committee cannot make decisions on behalf of the Board, but presents its assessments and recommendations to the Board.

The Group Management Team
At the end of 2024, the Group management team consisted of seven Executive Vice Presidents. In addition to the CEO, the management team includes three directors who represent the three business areas and three directors who represent Group support units.

Hafslund has organised the business through subsidiaries that represent business areas. The CEO monitors the business partly through the Group management team and partly through the boards of subsidiaries. All operational decisions related to the activities of the subsidiaries are made by the management and board of directors of each subsidiary. Group management continuously assesses the performance and profitability of the business areas, as well as conditions and incidents that impact future development and optimal resource utilisation. Group management has a mandate to allocate resources. The following are some of the matters relating to sustainability that the Group management team considered and decided on during the reporting year:

- Hafslund's materiality assessment and definition of material sustainability topics
- The Group's Climate Action Plan
- The Group's Nature Action Plan
- Defined areas of responsibility and organisation of the sustainability area

Executive Vice President Corporate Development is responsible for the Group's sustainability work and for ensuring the quality of the content in the sustainability reporting.

The CFO is responsible for the sustainability statement, including ensuring compliance with relevant legal requirements and timely publication.

CSRD project
During the reporting period, Hafslund established a sustainability project to promote transparency and trust in Hafslund's climate, environmental and social responsibilities. The project involves the entire organisation, including subsidiaries. The purpose of the project is to professionalise and integrate sustainability into corporate governance, including Hafslund's core and support processes, clarify roles and responsibilities, and improve the reporting processes for sustainability information. The project has worked with training and organisational development to ensure that sustainability forms the basis for long-term value creation at Hafslund. The Group management team is the steering group for the project and has been closely involved. This has contributed to significantly strengthening the organisation's expertise in the area.

The Company Coordinator in each of the business areas is responsible for coordinating the work in their segment and ensuring timely and complete reporting for their business area.

Expert groups for each material sustainability topic are established across Hafslund, with representatives from each of the three business areas. The groups are headed by a coordinator from the parent company. In each of their specialist fields, the expert groups are responsible for:

- Initiating, coordinating and conducting development work.
- Providing qualitative and quantitative content for sustainability reporting in connection with their material topic.

In addition to this, the Group management team follows up Hafslund's material sustainability areas through established targets and a

management system with Group policies and guidelines. The Group management team is responsible for approving targets and key guidelines, as well as more extensive sustainability measures that intersect Hafslund's business areas.

Guidelines that are of key importance to managing sustainability

In order to operationalise the objectives of the owners and the Group's vision, governing documents have been established for the Group which incorporate Hafslund's material impacts, risks and opportunities related to sustainability. All managers at Hafslund are responsible for familiarising both themselves and their employees with the governing documents and ensuring that they are followed. The documents are available to all employees on the intranet, and certain governing documents are made available to external parties at hafslund.no.

The overarching governing documents are frameworks which ensure that Hafslund operates in accordance with laws, rules and ethical principles, while also supporting the company's strategy and objectives. The documents provide direction and establish responsibilities and guidelines for the organisation and decision-making processes. They include statutory obligations and principles for corporate governance, and best practices in management. Overarching governing documents include ethical guidelines and Group policies.

Ethical guidelines

Hafslund's ethical guidelines describe how Hafslund should conduct its business activities and expectations for personal conduct and actions. The guidelines apply to all companies in the Hafslund Group and to all people working for Hafslund. This includes employees at all levels, board members, contracted personnel, advisors and others acting on behalf of or representing Hafslund.

The ethical guidelines focus on four major topics:

- Understanding and use of ethical guidelines.
- Hafslund's employees, including human rights and workers' rights in the value chain.
- Hafslund's business practices, including anti-corruption, impartiality and conflicts of interest.
- Hafslund's responsibilities to the outside world, including for climate, biodiversity and affected communities.

Hafslund is obligated to act in a sustainable, profitable, ethical, safe and responsible manner. The Group must comply with laws and rules and act in accordance with the framework conditions for the business. Sustainability is integrated into Hafslund's business model and strategy and through the Group's management system. Hafslund conducts an annual assessment of the challenges the Group faces in the area of sustainability in a double materiality analysis. Each company in the Group sets targets and creates sustainability action plans.

Hafslund's ethical guidelines were updated in 2024, have been approved by the Board of Directors and are owned by the CEO.

Ethical guidelines and requirements for suppliers

Hafslund's ethical guidelines and requirements for suppliers apply to the Hafslund Group's suppliers. Agreements that Hafslund's suppliers enter into with any subcontractors must contain equivalent obligations. The requirements that are set constitute a minimum standard that must be complied with in order to do business with Hafslund. When international conventions and national laws and rules or agreements regulate the same topic, the most stringent standard shall apply.

The guidelines are focused on five topics:

- Basic human rights and decent working conditions
- Obligations under public law
- Climate and environment
- Business ethics and responsible business conduct

- Due diligence requirements

Hafslund's ethical guidelines and requirements for suppliers are owned by the CEO. The Guidelines were updated in 2024 and are publicly available at hafslund.no in Norwegian and English.

Group policies
Hafslund's Group policies support the ethical guidelines and provide overarching guidelines for the companies in the Group. The Group policies establish common guidelines and standards for all companies in the Group over which Hafslund has a controlling influence through ownership and/or shareholder agreements. In addition to the Group sustainability policy, relevant sustainability matters are included in other Group policies and Hafslund's governing documents. In 2024, the content of all of the Group policies was evaluated in relation to the CSRD and updated.

The managing directors of Hafslund's companies are responsible for implementing the Group policies in their own companies. The policies must be operationalised through company-specific procedures or joint Group procedures when this is deemed appropriate and effective.

Group sustainability policy
The Group sustainability policy is the overarching governing document related to Hafslund's material sustainability topics. The policy describes the Group's approach to ESG (Environmental, Social, and Governance) and the principles Hafslund is working towards to ensure coordinated compliance with sustainability-related laws, regulations and expectations. Through compliance with the sustainability policy, Hafslund will protect people and the environment, and strengthen its competitive position for access to new projects and access to capital. Compliance with the policy will also strengthen the Group's position as an attractive business partner and employer. Hafslund expresses equivalent expectations through its investments, exercising of ownership and procurements.

The main principles of the policy are that consideration for the environment, social conditions and good business conduct are key goals in Hafslund's strategy and must be implemented throughout all of the Group's business activities. These principles are described in more detail in the introduction to the chapter entitled Environment, Social information and Governance.

Some of the principles apply to multiple topics:

- Hafslund shall comply with the OECD Guidelines for Multinational Enterprises and associated Due Diligence Guidance
- Hafslund will conduct its business activities within the limits of what the Earth can tolerate and in a manner that contributes to achieving the UN Sustainable Development Goals
- Hafslund's business activities will be developed in line with the Ten Principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights
- Hafslund shall be transparent and accountable in its reporting and compliance
- Hafslund integrates sustainability into risk management, investment decisions, procurement processes and the company's annual targets, and the evaluation of these targets
- Hafslund invests in the measures and training that are necessary for ensuring compliance with this policy, including contributions to ensure knowledge-based decision-making through research and development (R&D)

The Group Board of Directors has overarching responsibility for Hafslund's sustainability compliance, and follows up and monitors compliance at least once a year. The Group sustainability policy is owned by the CEO, with Executive Vice President Corporate Development as the operational policy owner.

Group procurement policy
For a large buyer such as Hafslund, the Group procurement policy is an important tool designed to help mitigate negative impacts and risk, as well as for realising positive impacts and opportunities for Hafslund's material sustainability topics. Emphasis is placed on climate and environmental considerations in all procurement processes. Through the policy, the Group also sets requirements that contracts which have been entered into are followed up in accordance with Hafslund's ethical guidelines and requirements for suppliers.

The Group procurement policy is owned by the CEO, with the CFO as the operational policy owner.

Group information security and privacy policy
Hafslund is governed by strict legal and regulatory requirements that set high standards for the protection of information, services, systems and privacy. The Group information security and privacy policy shall ensure that Hafslund complies at all times with the requirements and obligations stipulated in applicable laws and regulations, supports the Group's objectives and business strategy, and contributes to Hafslund's active and preventive work with information security and privacy.

The Group information security and privacy policy is owned by the CEO, with Executive Vice President Projects as the operational policy owner.

Other Group policies relevant to sustainability matters
In addition to the aforementioned governing documents, the following Group policies contain references to sustainability matters: HSE, integrated reporting, investments, finance, risk management, HR and organisational development, communication and framework conditions, see chapter Social information. All of these were updated in 2024.

Group procedures
Group procedures is a collective term for Group-wide governing documents that complement and operationalise Group policies and other Group-wide guidelines. The subsidiaries are responsible for operationalising the principles from the Group policies through their own management systems. Relevant procedures for sustainability are discussed in each of the chapters on material sustainability topics.

Strategy and targets of key importance to managing sustainability
Hafslund's Group strategy consists of specific targets and metrics for what Hafslund aims to achieve by 2035. The targets presented under each material sustainability topic are derived from the Group strategy and the current risk landscape. Hafslund's strategy and ambitions up to 2035 are described in the chapter on Hafslund's strategy and business model.

Follow-up of the strategy takes place through the boards of subsidiaries, structured dialogue between parent company and subsidiary and monthly status reporting.

- The Group Board of Directors and the boards of the subsidiaries follow up and revise targets, strategies, capital allocation and financial plans when required. The subsidiaries themselves are responsible for developing their own strategies for delivering on the Group strategy, including setting targets and establishing actions.
- Structured dialogue between the parent company and the subsidiaries (segments) takes place twice a year. The purpose of this dialogue is to update strategic goals and initiatives that contribute to achieving the Group's goals and ambitions, update the risk landscape, discuss capital requirements for prioritised initiatives and growth opportunities, and review the financial plan.
- Monthly status reporting from the segments on selected strategic, operational and key financial indicators, including material sustainability matters.

Due diligence (GOV-4)

Hafslund recognises the growing expectation to conduct due diligence processes related to material sustainability topics in line with the OECD Guidelines for Multinational Enterprises and the upcoming EU regulations (CSDDD and Forced Labour Regulation) which are relevant to the EEA.

This not only includes basic human rights and decent working conditions, as required by the Norwegian Transparency Act, but also the environment and corporate governance. Hafslund is working to integrate due diligence into its day-to-day operations to ensure responsible business practices. The goal is to continuously improve processes, measures and reporting in order to meet expectations for sustainability work.

The steps in the due diligence process	Description in the sustainability reporting
1. Incorporating due diligence into governance, strategy and business model	General information about managing sustainability: guidelines of key importance to managing sustainability. Guidelines for environment, social information and governance
2. Collaboration with affected stakeholders in all important steps of the due diligence process	Hafslund interacts with stakeholders to varying degrees at local, regional, national and international levels. For more details, see How Hafslund takes the views and expectations of stakeholders into account. Hafslund's work on whistleblowing and a description of the whistleblowing channel can be found in the chapter on Business conduct
3. Identifying and assessing negative impacts	Hafslund works systematically to identify the risk of violations of decent working conditions and basic human rights in its own business activities, among business partners and suppliers, and in affected communities. Negative impacts identified by Hafslund and assessments of these are described in detail in the chapter on Own workforce and chapter on Workers in the value chain
4. Implementing measures for managing these negative impacts	Hafslund works systematically with preventive measures to reduce the likelihood of negative impacts occurring. However, if negative impacts do occur, measures will be taken to manage the actual negative consequences. Hafslund's work with these measures is described in the chapter on Own workforce and the chapter on Workers in the value chain
5. Monitoring the effectiveness of these efforts and communication	Detailed descriptions of the effect of the due diligence work and the routines that exist for contact with own workforce and workers in the value chain are provided in the respective chapters

How Hafslund ensures that the statement is reflective of the business (GOV-5)

The Group policy for integrated reporting includes principles related to sustainability reporting. The main principle is that internal controls and processes for managing reporting risk must be implemented to ensure high-quality sustainability reporting that is free of material error.

The Group policy for integrated reporting is owned by the CEO, with the CFO as the operational policy owner.

Hafslund has the ambition to start working on a risk management and internal control framework for sustainability reporting in 2025. Hafslund commenced work related to this area in 2024 and has implemented the following measures, which constitute the starting point for the continued work in 2025:

- Established and implemented an operating model[21] for sustainability reporting that includes activities, roles and responsibilities in the reporting process, based on principles from financial reporting. The operating model ensures the involvement of the correct expertise and delegation of work during the entire process, from preparation of reporting input to approval of the report
- Documented data flow from data capture to reporting to identify risk of inadequate data quality, need for internal controls, and opportunities to improve the efficiency of the reporting process
- Initiated implementation of system support for sustainability reporting, which ensures good traceability in the reporting process
- Introduced processes and controls for verification of documentation of the sustainability information that is reported

[21] *See the description of areas of responsibility and organisation of the sustainability area in Governance*

Environment

Guidelines for working with environmental aspects

EU taxonomy

E1 Climate change

E2 Pollution

E4 Biodiversity and ecosystems

E5 Resource use and circular economy

Environment

Guidelines for working with environmental aspects

Hafslund has established guidelines for how the Group needs to take environmental factors into consideration in a strategic plan and in day-to-day operations. The guidelines apply to all of Hafslund's material environmental topics: E1 Climate change, E2 Pollution, E4 Biodiversity and ecosystems and E5 Resource use and circular economy.

The operationalisation of the governing documents is described in the chapters for each of the material environmental topics.

Ethical guidelines

Hafslund is dependent on sustainable business operations to achieve its vision of "For a world in balance, with renewables", and the ethical guidelines commit Hafslund to protecting the environment, climate and nature.

Through the ethical guidelines, Hafslund has established principles and rules for how business activities need to be operated in order to meet the Group's commitments to the environment, climate and nature:

- Hafslund works towards reducing its impact on the environment, climate and nature. When making decisions, the Group shall avoid causing significant harm to nature, the environment and climate.
- Hafslund takes the initiative to promote greater environmental responsibility and encourages the development and dissemination of environmentally friendly technology.
- Hafslund endeavours to maintain a low carbon footprint and to reduce its impact on nature and GHG emissions.
- Hafslund strives to employ a circular economy mindset, including use of a lifecycle perspective, and promotes efficient use of resources, reuse and recycling.

Ethical guidelines and requirements for suppliers

Hafslund sets requirements for its suppliers to have an effective system for minimising the negative impact from their own operations, and prefers solutions that result in less noise, energy and resource use, and that reduce emissions. Environmental measures are assessed along the entire production and distribution chain – from the production of raw materials to sales. Local, regional and global environmental aspects must be taken into account. Hafslund particularly expects suppliers to take environmental challenges and waste management into account, apply the precautionary principle to continuously minimise negative impacts, and comply with national and international environmental laws and regulations.

Group sustainability policy

Hafslund's sustainability policy[22] guides the Group's efforts to safeguard environmental factors in operations and governance. The following principles apply:

- Hafslund supports the targets in the Kunming-Montreal Global Biodiversity Framework and strives to avoid negative impact on nature, minimise negative impact on nature and restore nature in all its projects in line with the action hierarchy. Hafslund will contribute to a nature-positive world through its portfolio.[23]
- Hafslund supports the Paris Agreement and has set climate targets for its own activities that are in line with the 1.5-degree target. The climate action plan and greenhouse gas accounts for the Group and underlying businesses shall be used to document progress towards achieving the climate target.
- Hafslund maps its exposure to climate and natural risks, and works continuously to reduce exposure to these types of risks.

[22] *See the chapter entitled General information for more information on the Group Sustainability Policy.*
[23] *The action hierarchy for biodiversity and ecosystem: avoidance, minimisation, remediation/rehabilitation, and compensation or replacement.*

- Hafslund's facilities must be operated with the goal of no serious environmental non-conformities or violations of licence conditions ever occurring.
- Hafslund will protect and secure its locations and facilities to prevent harm being caused to the environment, nature and the population.
- Hafslund regularly takes steps to increase employee knowledge about the Group's environmental impact and initiates measures to minimise this impact.
- Hafslund emphasises environmental considerations in procurement processes by setting minimum requirements or criteria for being awarded contracts.
- Hafslund supports the objective of deforestation-free value chains and sets requirements for sustainable forest management for its suppliers.
- Hafslund contributes to sustainable water management that meets the overall needs of people, the environment and society, and that safeguards the ecological, hydrological and flood mitigation processes upon which society's access to clean and safe water is based.
- Hafslund will continuously work to reduce the impact on the external environment, prevent pollution and strive for achieving a high level of resource utilisation.
- Hafslund works to achieve increased energy efficiency and reduced waste in own business activities.
- The repair, reuse and recycling of materials throughout the value chain must always be assessed in line with circular economic principles.

EU taxonomy

In 2024, Hafslund reviewed all economic activities in order to assess those which are covered by the EU taxonomy, as well as those which are compatible with the taxonomy criteria. All consolidated companies in the Group were assessed in the screening process.

Hafslund's assessment for 2024 was that the Group's hydropower production, wind power production, consulting services, mobile energy solutions, production and distribution of district heating and cooling, and carbon capture and storage are eligible economic activities in accordance with the EU taxonomy.

Taxonomy-eligible activities

Hafslund has identified six taxonomy-eligible activities:

Economic activity in the Taxonomy	Description	Relevant environmental objectives
4.5 Electricity production from hydropower	Average production of approximately 18 TWh per year and a production capacity of 5,200 MW make the power business Norway's second largest hydropower producer. There are 81 hydropower plants in Norway in which Hafslund has direct ownership and jointly controlled operating arrangements/joint operations.	Climate change mitigation
4.3 Electricity production from wind power	In 2024, the power business acquired Tonstad Vindkraft AS, which is one of Norway's largest onshore wind power plants, with installed capacity of 208 MW and annual production of around 670 GWh.	Climate change mitigation
9.1 Close to market research, development and innovation	Hafslund Rådgivning assists customers with the green transition by offering consulting services that have the objective of helping public and private stakeholders with issues that relate to the transition to emission-free solutions.	Climate change mitigation.
4.10 Storage of electricity	Hafslund's mobile energy solutions provide charging solutions for construction projects, and part of this service involves ensuring energy requirements at the construction site through mobile batteries.	Climate change mitigation
4.15 District heating/cooling distribution	The district heating business produces and distributes district heating and cooling. Among other things, excess heat from waste incineration is used to produce district heating. Waste incineration is not currently included in the Taxonomy, however Hafslund distinguishes between waste incineration as a necessary process for treating residual waste and the utilisation of the excess heat produced from the incineration process in an associated district heating system. Expansion of the cooling business is in the process of being established through Hovinbyen Energy Hub, with the production and sale of cooling scheduled to start in 2025.	Climate change mitigation
9.1 Close to market research, development and innovation	In January 2025, the district heating business made the final investment decision for the carbon capture project at Klemetsrud. Emissions from waste incineration will be captured before being released into the atmosphere, and then transported out to the North Sea where they will be stored under the seabed. The plant is scheduled to be operational during the first half of 2029.	Climate change mitigation

Assessment of compatibility with taxonomy criteria

Hafslund's business model is based on the development, expansion and operation of renewable energy and related products and services that contribute to an efficient energy system with lower GHG emissions. Hafslund considers the entire portfolio of economic activities to be compatible with the technical criteria for environmental objective 1 "Climate change mitigation". Hafslund has assessed climate risk for its projects in line with the criteria in the EU taxonomy as described in chapter E1 Climate change.

Hydropower production

Substantial contribution

In order to make a substantial contribution to mitigating climate change, one of the following criteria must be met:

- The power production comes from a run-of-river hydropower plant, which does not have an artificial reservoir.
- The power density of the power production exceeds 5 W/m^2.
- GHG emissions from the power production's life cycle are lower than 100 g of CO_2e/kWh.

Unless the power plant is a run-of-river hydropower plant, Hafslund has used the criteria for calculating power density (W/m^2) in line with SINTEF's memo "Assessment of GHG emissions from hydropower for the EU Taxonomy" to assess substantial contribution to environmental objective 1. For most reservoirs, gross area is used when calculating power density. For those reservoirs that are measured by depth, net area is used as a basis. For some water bodies, the lowest regulated water level (LRWL) is also used in the calculation. Data on installed capacity is obtained from the Norwegian Water Resources and Energy Directorate's (NVE) hydropower database for all power plants. Hafslund concludes that, with five exceptions, all power plants that are within the system boundaries based on the assumptions in SINTEF's note, meet the criteria for environmental objective 1 (climate change mitigation).

Hafslund has reservoirs and power plants which satisfy the power density requirement that are located in the Glomma watercourse with Gudbrandsdalslågen, Hallingdal watercourse (down to and including Nes power plant), Begna watercourse (down to and including Eid power plant), Aurland watercourse and Dokka watercourse.

Hafslund has a total of five power plants in the Brødbøl, Trysil and Sagefoss watercourses that do not satisfy the power density requirement. Hafslund has not conducted a life cycle analysis of these power plants and therefore has no basis upon which to conclude that they meet the criteria in environmental objective 1.

Hafslund has a total of nine run-of-river power plants spread over the aforementioned watercourses that are not included in the calculation of power density. These power plants are not in the "system" and do not use, or use only very low quantities of, reservoir water. Hafslund's assessment is that these meet the criteria in environmental objective 1.

Do no significant harm (DNSH)

In order to comply with the taxonomy, the activity must do no significant harm to the five other environmental objectives. However, there are no DNSH criteria for the production of electricity from hydropower linked to environmental objective number four (transition to a circular economy) or environmental objective number five (pollution prevention and control).

In 2023, Hafslund conducted a physical climate risk analysis for the Group's geographical locations using climate scenarios[24]. For Hafslund's hydropower business, damage to infrastructure as a result of an increase in extreme weather events has been identified as the most relevant physical climate risk, because hydropower plants are heavily exposed to drought, precipitation and flooding. Risk and vulnerability analyses (ROS analyses) are regularly conducted for all of Hafslund's hydropower plants, and all dams are subject to government supervision through the Norwegian Dam Safety Regulations. The risks of increased precipitation and major flooding are taken into consideration when assessing the safety of the dam facilities. The facilities contribute to society's capacity for climate adaptation, and thereby mitigate the damage and costs resulting from extreme weather events. These factors, combined with applicable risk assessments, entail that Hafslund considers the criteria for environmental objective 2 (climate change adaptation) to be met.

The technical screening criteria for the environmental objective relating to sustainable use and protection of water and marine resources (DNSH-3) are closely linked to compliance with the requirements in the EU Water

[24] *See chapter E1 Climate change for more information on the climate risk analysis.*

Framework Directive, which has been implemented into Norwegian law through the Regulations relating to the framework for water management (the Water Regulations). As a hydropower producer, Hafslund complies with the orders and deadlines for environmental improvements that government authorities issue pursuant to the Water Regulations in order to achieve the environmental objectives in the water bodies where our activities have an impact. All measures proposed to be implemented in order to achieve the specific environmental objectives must be approved by the government authorities in accordance with laws governing watercourses and public processes.

Hafslund concludes that water bodies with "less stringent environmental objectives" are in compliance with national environmental objectives under the Water Regulations, and are thereby also in accordance with DNSH-3. This follows from the criteria in the EU taxonomy which make reference to the fact that the requirements in Article 4 of the Water Framework Directive need to be met, including the possibility, subject to strict conditions, of establishing less stringent environmental objectives (Article 4(5)). Furthermore, the European Commission's interpretative statement of 29 November 2024 supports less stringent environmental objectives, as a permitted exception, being able to satisfy the DNSH criterion. The implementation of proposed measures for achieving the environmental objective in the Water Regulations often consists of time-consuming government processes and approvals, relevance assessments, acquiring knowledge, extensive planning and practical execution that need to be commenced by the deadline for implementation set in the Water Regulations.

Hafslund is of the opinion that the Group's hydropower activities are in compliance with DNSH-3 because environmental objectives, environmental measures and the implementation of these in the water bodies that are impacted are in compliance with the established system of rules, processes and deadlines defined by Norwegian and European authorities. Hafslund also aims to be a driving force when it comes to environmental improvement, and relevant environmental measures are implemented as quickly as possible through good dialogue with government authorities and user interests.

Hafslund has established an overview of all water bodies impacted by our power plants and regulations that is based on the official database Vann-Nett and conducted specific assessments for each individual water body with regard to compliance with DNSH-3. The environmental objective has been achieved for the majority of the relevant water bodies. For some water bodies, licensing processes are underway in the form of reviews, modification or summons, and the environmental objective will not become clear until the government authorities set new licensing conditions. The proposed measures may not be very specific for certain other water bodies, and active efforts are being made to acquire knowledge, and plan and implement technologically feasible and ecologically relevant measures to achieve the environmental objectives by the deadline (2027 or 2033).

All power plants with licences granted after 1986 will meet the requirement for an impact assessment and thereby satisfy the criteria for environmental objective number six (protection and restoration of biodiversity and ecosystems). For older facilities, including those without a licence, assessments of the environmental impact were made in accordance with watercourse legislation that was in force at that time. In addition, all water bodies, including those impacted by older facilities and facilities without a licence, are covered by the water management plans and associated environmental objectives and action programmes. Assessment of the need for environmental improvement measures in all water bodies, including the need to review licence conditions or summon operators without a licence for a licensing process, has therefore been carried out. Mitigation measures have been implemented in line with decisions and impact assessments by the Norwegian authorities. Hafslund therefore concludes that the criterion for environmental objective number six is also met for older facilities.

Hafslund finds that the DNSH criteria for all environmental objectives have been met.

Wind power production

Substantial contribution

In order to make a substantial contribution towards limiting climate change, the requirement is that the power plant must produce electricity from wind power. Tonstad wind farm consists of onshore wind turbines that all produce electricity, and Hafslund therefore concludes that the activity makes a substantial contribution to environmental objective 1.

Do no significant harm (DNSH)

In order to comply with the taxonomy, the activity must do no significant harm to the five other environmental objectives. However, the DNSH criteria for environmental objectives 3 (sustainable use and protection of water and marine resources) and 5 (pollution prevention and control) are not relevant for onshore wind power production.

Tonstad wind farm is operated externally and the operator conducts climate risk assessments related to the wind farm's location using modelling for future climate scenarios. In addition, during the acquisition process, a risk assessment was carried out for the wind power plant, which included ESG risks. Hafslund considers environmental objective 2 (climate change adaptation) to be met due to the fact that risks are identified and this enables mitigation measures to be implemented in a timely manner.

An assessment of resource use and circular economy was carried out during the acquisition process for Tonstad Vindkraft AS. The turbines have an estimated lifespan of 35 years and given the fact that the wind farm is relatively new, no plan has yet been made for decomposition. The former owner estimates that most of the materials can be recycled or resold in parts, and the operator reported that there were no incidents that resulted in harm or damage in 2024. Hafslund finds that environmental objective 4 (transition to a circular economy) has been met.

An impact assessment was carried out for the wind power plant in connection with the licensing process, and the criteria for environmental objective 6 (protection and restoration of biodiversity and ecosystems) are thereby considered to have been met. A new analysis of the land on which the wind power plant is located indicates an increase in the presence of, among other things, species on the International Union for Conservation of Nature Red List of Threatened Species. This development will need to be taken into consideration in a new impact assessment.

Hafslund finds that the DNSH criteria for all environmental objectives have been met.

Consulting

Substantial contribution

The requirement for making a substantial contribution to mitigating climate change is that the service contributes towards reducing life cycle emissions of greenhouse gases. The fact that implementing proposed solutions will result in lower GHG emissions for the customer's economic activity without being to the detriment of the remaining environmental objectives means that the requirements for substantial contribution are met.

Do No Significant Harm (DNSH)

Hafslund's consulting business conducts initial assessments of customers and projects to ensure that no significant harm is caused to water and marine resources, the external environment, or biodiversity and ecosystems. The services are largely focused on the transition from fossil energy sources to electrical solutions that will lead to a reduction in polluting gases. The consulting services also place an emphasis on ensuring that the projects will not stimulate a weakened circular value chain for the customer. The climate risk analysis from 2023[25] is deemed to be adequate for the consulting services, because these services themselves are not directly linked to geographical locations.

Hafslund therefore finds that the DNSH criteria for all environmental objectives have been met.

[25] *See chapter E1 Climate change for more information on the climate risk analysis.*

Storage of electricity: Mobile charging solutions

Substantial contribution

In order to make a substantial contribution towards limiting climate change, the criterion is that the activity must be the construction or storage of electricity. The services Hafslund provides in connection with mobile energy solutions meet the requirement for substantial contribution because they involve the storage of electricity using batteries. The second part of the criterion regarding chemical energy storage is not considered relevant because it is not part of operations.

Do no significant harm (DNSH)

Hafslund's mobile energy solutions provide mobile battery solutions for use at already established construction sites, where assessments are made before deployment related to the risk of potential climate-related events. The deployment of this equipment does not cause any harm to biodiversity and ecosystems, and the mobility of the batteries makes them easy to move if required due to challenging weather conditions. The battery solutions are purchased with an expected lifespan of ten to 15 years, and efforts are made to extend the lifespan for as long as possible. Once the batteries reach the end of their lifespan, Hafslund will work to ensure that they are used in their entirety or as components in the second-hand market in line with the principles in the waste hierarchy. If the batteries need to be disposed of, circularity will be an important assessment criterion in the choice of supplier.

Hafslund therefore finds that the DNSH criteria for all environmental objectives have been met.

District heating and cooling distribution

Hafslund concludes that the Group's production and distribution of district heating and cooling are covered by the economic activity 4.15 "District heating/cooling distribution" in the EU taxonomy. The rational for this is that all turnover from district heating comes from the distribution of heating or cooling to commercial buildings and households, and is based on the guidance provided by the European Commission.

Hafslund is of the view that excess heat from waste incineration can be included in the EU taxonomy's economic activity 4.15 for the distribution of district heating and cooling. While waste incineration as an activity is not eligible, Hafslund's interpretation is that revenues, investments and operating costs related to the distribution of excess heat can be classified as eligible in line with criteria for efficient district heating systems defined in the EU Energy Efficiency Directive. Hafslund has had this interpretation confirmed by the EU through FISMA[26], which verified that the taxonomy includes activities such as the distribution of district heating, irrespective of the heat source. The Norwegian authorities also encourage the use of excess heat from waste incineration, which is considered the only legal method for treating residual waste in Norway.

Substantial contribution

In order to make a substantial contribution towards limiting climate change, the requirement is that Hafslund must use at least 50 per cent renewable energy, 50 per cent excess heat, 75 per cent cogenerated heat or 50 per cent of a combination of such energy and heat in the district heating and cooling system. In 2024, the energy mix for district heating distributed in the system for the district heating business consisted of:

Excess heat from incineration of sorted residual waste, including waste heat from the Agency for Waste Management and Recycling (REG).	52%
Detachable electric boilers	25%
Ambient heat for heat pumps (sewage, data centre, water purification)	8%
Electricity for heat pumps	3%
Wood pellets	7%
Bio-oil and biodiesel	3%
LNG	1%

[26] *FISMA stands for "Directorate-General for Financial Stability, Financial Services and Capital Markets Union"*

Based on the Group's interpretation of the EU taxonomy and recognition and encouragement from Norwegian authorities to use excess heat from waste incineration, all district heating and cooling activities in the Group are considered to make a substantial contribution to environmental objective 1.

Do no significant harm (DNSH)
In order to comply with the taxonomy, the activity must do no significant harm to the five other environmental objectives. However, there are no DNSH criteria linked to environmental objective 4 (circular economy) for distribution of district heating and cooling.

The district heating business conducted an analysis of physical climate risk in 2022. The analysis revealed a risk that rising sea levels could, in the long term, result in parts of the infrastructure ending up underwater. Environmental objective 2 (climate change adaptation) is met by identifying risks and opportunities for mitigation measures, and measures may be implemented well in advance of the risk becoming applicable.

All of Hafslund's facilities were subject to regulatory approval processes before and during construction, including the necessary environmental impact assessments and mitigation measures. Statutory supervision is carried out during the operational phase, including inspections and annual reporting on sustainability performance. All heating and cooling activities therefore meet the requirements of environmental objective 3 (sustainable use and protection of water and marine resources).

Hafslund does not consider the Group's district heating and cooling activity to do significant harm to environmental objective 5 (pollution prevention and control). The independent technical report "EU Taxonomy review"[27] prepared by a third party concluded, among other things, that the distribution of district heating does not generally result in a significant increase in emissions of environmental pollutants into the air, water or land when compared to the situation prior to when the activity started. The report also notes that replacing specified equipment for the purpose of achieving a better energy label will lead to increased emissions from a life cycle perspective, because existing equipment does not impact pollution levels, while the production of new equipment will result in the use of resources and energy for production. The report is in accordance with the EU report "Taxonomy: Final Report of the Technical Expert Group on Sustainable Finance" from 2020, which states that: "when concerning the operation of the district heating grids, the potential significant impact is considered low".

Hafslund concludes that their heating and cooling activities meet the criteria for do no significant harm to environmental objective 6 (protection and restoration of biodiversity and ecosystems). All facilities have been subject to regulatory approval processes and necessary environmental impact assessments. Statutory supervision is carried out during the operational phase, including inspections and annual reporting on sustainability performance. The district heating and cooling activities are ISO 14001-certified, and life cycle assessments have been carried out. The main facilities are located in urban or industrial areas that are not close to vulnerable nature. For smaller facilities that are located in areas that are of significant importance to biodiversity, several measures are implemented in order to protect the surrounding areas, and facilities located near rivers and streams are equipped with protective systems that prevent oil and chemical leaks.

Hafslund therefore finds that the DNSH criteria for all environmental objectives have been met.

Carbon capture
Hafslund considers the approved carbon capture project at Klemetsrud to be covered by the EU taxonomy through economic activity 9.1 Close to market research, development and innovation. The reason for this is that Hafslund's carbon capture project will be one of the world's first full-scale carbon capture plants for waste incineration.

[27] *"EU Taxonomy review", Sweco 2022*

Substantial contribution
A life cycle analysis of the entire carbon capture project value chain has been conducted which demonstrates that the project will contribute to significant reductions in GHG emissions. The commitment to carbon capture is therefore deemed to make a significant contribution to environmental objective 1.

Do no significant harm (DNSH)
In order to comply with the taxonomy, the activity must do no significant harm to the five other environmental objectives. Assessments of physical climate risk related to the project have been carried out, the Norwegian Environment Agency has issued emissions permits in accordance with the Water Regulations, the Pollution Control Act and the Nature Diversity Act, and a sustainability strategy has been prepared that includes principles for circular economy.

Hafslund therefore finds that the DNSH criteria for all environmental objectives have been met.

Compliance with minimum requirements for social and governance conditions

Hafslund's assessment of whether the Group meets the minimum social standards is based on the guidelines presented in the "Final Report on Minimum Safeguards", prepared by the "Platform on Sustainable Finance". Based on the criteria for breaches of minimum requirements, Hafslund committed no breach in 2024, and thus finds that the Group is in compliance with the taxonomy reporting's minimum requirements for social standards.

All minimum requirements are described in the sustainability reporting, with the exception of consumer rights, fair competition and tax. These are described here.

Consumer rights
Only the district heating business has consumers as customers. Consumer rights have been identified as a non-material topic in the materiality assessment, and are therefore not included in the sustainability report.

The district heating business has the necessary processes and measures in place to detect, prevent and manage potential and actual violations of consumer rights.

Fair competition
Hafslund complies with competition laws, and such compliance is also a requirement in "Hafslund's Ethical Guidelines for Suppliers". The Group promotes awareness through internal and external courses, as well as ongoing attitude work.

Hafslund has the necessary processes and measures in place to detect, prevent and manage potential and actual violations of competition laws.

Tax
Tax Hafslund has necessary procedures for ensuring timely and correct payment of tax. Hafslund will also continuously improve the Group's procedures and processes to ensure controls and management of tax risk.

Taxation and compliance with tax obligations are key elements of Hafslund's corporate governance. Decisions that have tax implications of significant importance will be adopted by, or discussed with, the Board of Directors or other senior executives in the Group. Hafslund also strives to be transparent with the tax authorities, and provide full and correct information in submitted tax returns as well as in other correspondence with relevant authorities.

The revised Group sustainability policy in 2024 establishes that Hafslund must not engage in aggressive tax planning to reduce tax payments, nor should it have a presence in tax havens. Hafslund has also prepared proposals for instructions for processing intragroup transactions, which will be approved and implemented in 2025.

Hafslund has the necessary processes and measures in place to detect, prevent and manage potential and actual violations of tax laws.

How Hafslund works with the remaining social and governance issues from the taxonomy is further discussed in the sustainability report:

- Human rights and decent working conditions
  - Own workforce
  - Workers in the value chain
  - Affected communities
- Corruption and Bribery
  - Business conduct

Key performance indicators

Economic activities	Code	2024 Proportion of turnover	2024 Proportion of capital expenditure	2024 Proportion of operating expenditures	2023 Proportion of turnover	2023 Proportion of capital expenditure	2023 Proportion of operating expenditures
A.TAXONOMY-ELIGIBLE ACTIVITIES							
A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)							
Electricity generation from hydropower	4,5	81%	26%	65%	84%	51%	74%
Electricity generation from wind power	4,3	1%	54%	4%			
Storage of electricity	410	0 %	0 %	0 %	0 %	1%	0 %
District heating/cooling distribution[28]	415	14%	8%	9%	13%	17%	12%
Close to market research, development and innovation: Carbon capture[29]	9,1	0 %	8%	0 %	0 %	19%	0 %
Close to market research, development and innovation: Hafslund Rådgivning	9,1	0 %	0 %	0 %	0 %	0 %	0 %
Total of environmentally sustainable activities (Taxonomy-aligned) (A.1)		96%	97%	78%	97%	88%	86%
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)							
Electricity generation from hydropower	4,5	0 %	0 %	1%	0 %	0 %	1%
Total of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0 %	0 %	1%	0 %	0 %	1%
Total of Taxonomy-eligible activities (A.1 + A.2)		96%	97%	79%	97%	88%	87%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES							
Waste incineration		3%	2%	17%	2%	4%	13%
Electricity production based on excess heat from waste incineration		1%	0 %	0 %	1%	0 %	0 %
District heating and cooling (other)		0 %	1%	0 %	0 %	7%	0 %
Hafslund Vekst (other)		0 %	0 %	3%	0 %	0 %	0 %
Hafslund Hovedgård		0 %	0 %	1%	0 %	0 %	0 %
Total of Taxonomy-non-eligible activities (B)		4%	3%	21%	3%	12%	13%
Total (A + B)		100%	100%	100%	100%	100%	100%

[28] In the 2023 reporting, CapEx related to district cooling were reported under A2, however, following a new assessment, this has been moved to "District heating/cooling distribution" under A1. This has been adjusted in the figures for 2023.
[29] In the 2023 reporting, CapEx related to the carbon capture project were reported under B ("Other"). Following a new investment decision for the project in January 2025, Carbon capture and storage has been added as a separate activity. The 2023 figures have therefore also been updated.

Revenues (turnover)[30]

Reported revenue figures can be found in the consolidated financial statements in note 2.1 Segment information. The performance indicator for operating revenues consists of the lines "Sales revenues" and "Other operating revenues" (except for "Other operating revenues" for Power Production) in Hafslund's income statement. This amounted to a total of NOK 13,487 million for 2024. 96 per cent was related to taxonomy-eligible activities, and 96 per cent was related to activities that are considered to be environmentally sustainable (A1, taxonomy aligned).

The share of revenues related to electricity production from hydropower decreased from 84 per cent in 2023 to 81 per cent in 2024. This was primarily the result of reduced revenues due to lower power prices, but also the fact that Hafslund's revenues now include revenues from wind power, in addition to increased revenues related to waste incineration.

Total sales revenues for the Power Production business area were NOK 11,047 million. These revenues are entirely generated by the two activities "Electricity production from hydropower" and "Electricity production from wind power" and belong to environmentally sustainable activities (A1), with the exception of 0.1 per cent (of Hafslund's total) which are reported as non-environmentally sustainable activities (A2). These revenues are linked to five hydropower plants for which Hafslund has no grounds for claiming satisfy environmental objective 1.

Total Other operating revenues from the Growth and Investments business area were NOK 23 million. These are generated through the activities "Storage of electricity" (rental of batteries), "Close to market research, development and innovation: Hafslund Rådgivning", and "Hafslund Vekst: Other". The two first-mentioned activities are considered environmentally sustainable. The revenues under "Other" primarily pertain to consultant services and rental of fast chargers.

Total sales revenues and Other operating revenues for the District Heating business area were NOK 2,409 million. These are generated through the activities "District heating/cooling distribution", "Waste incineration" and "Electricity production based on excess heat from waste incineration". The "District heating/cooling distribution" activity is considered environmentally sustainable, and accounts for 14 per cent of Hafslund's total relevant revenues.

Capital expenditure

In 2024, the Group's total investments in property, plant and equipment were NOK 3,293 million. They consisted of NOK 1,502 million in investments in property, plant and equipment from the Consolidated statement of cash flows and NOK 1,791 million in "Property, plant and equipment" from the balance sheet for Tonstad Vindkraft AS in note 1.6 Transactions and event in 2024. Of total investments in property, plant and equipment, 97 per cent were related to taxonomy-eligible activities , and 97 per cent were related to activities that were assessed as being environmentally sustainable (A1, taxonomy aligned).

Capital expenditure related to the various activities were at approximately the same level in 2024 as in 2023, with the exception of the investment in Tonstad Vindkraft AS, which belongs to the activity "Electricity production from wind power". This accounted for 54 per cent of total capital expenditure in 2024, and impacts the proportions for all other activities.

For Power Production, investments in property, plant and equipment were NOK 2,644 million in 2024. These were linked to the acquisition of Tonstad Vindkraft AS and investments in hydropower production, and respectively account for 54 per cent and 26 per cent of Hafslund's total investments in property, plant and equipment. Everything relates to environmentally sustainable activities (A1), with the exception of 0.1 per cent (of Hafslund's total) which are reported as non-environmentally sustainable activities (A2).

[30] *Turnover, CapEx and OpEx per activity are either obtained from various parameters in the accounts or distributed based on a key from a total. The aggregate of the various activities is reconciled with the total they are included in, and there is thus no possibility of double counting in the reporting.*

In 2024, the Growth and Investments business area made investments in property, plant and equipment of NOK 27 million, of which NOK 15 million was linked to the "Storage of electricity" activity within environmentally sustainable activities. Remaining investments were linked to fast chargers.

In 2024, the District Heating business area had investments in property, plant and equipment of NOK 622 million. The activities "District heating/ cooling distribution" (8 per cent of Hafslund's total) and "Innovation and development: Carbon capture" (7 per cent of Hafslund's total) are considered environmentally sustainable (A1). The activities "Waste incineration" and "District heating and cooling (other)" are not taxonomy-eligible (B) and respectively account for 2 per cent and 1 per cent of Hafslund's total investments in property, plant and equipment.

Operating expenditure

Operating expenses covered by the definition in the EU taxonomy are part of "Salary and other personnel costs" and "Other operating costs" in note 2.1 Segment information. The definition includes costs related to:

- Research and development
- Renovations and upgrades
- Short-term lease
- Maintenance and repairs, and other direct costs associated with the day-to-day operation of facilities and equipment necessary for continuing operations.

In 2024, this amounted to a total of NOK 1,297 million for Hafslund, of which 84 per cent was related to activities that are considered environmentally sustainable. The remaining proportion of the costs primarily relates to waste incineration.

Operating expenses covered by the definition in the EU taxonomy almost halved in 2024 when compared with the reporting for 2023. This was due to the fact that the interpretation of the scope for operating expenses related to electricity production from hydropower is limited in accordance with the definition in the taxonomy.

		2024		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		MNOK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from hydropower	CCM 4.5	10 941	81 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	NA	NA	Y	Y	84 %		
Electricity generation from wind power	CCM 4.3	91	1 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	NA	Y	NA	Y	Y	NA		
Storage of Electricity	CCM 4.10	5	0 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	NA	Y	Y	0 %	E	
District heating/cooling distribution	CCM 4.15	1 902	14 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	NA	Y	Y	Y	13 %		
Close to market research, development and innovation: Carbon capture	CCM 9.1	0	0 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	Y	Y	Y	0 %		
Close to market research, development and innovation: Hafslund rådgivning	CCM 9.1	3	0 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	Y	Y	Y	0 %	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**12 941**	96 %																
Of which enabling		**7**	0 %																
Of which transitional		**0**	0 %																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from hydropower	CCM 4.5	15	0 %	EL	EL	N/EL	N/EL	N/EL	N/EL								0 %		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**15**	0 %																
A. Turnover of Taxonomy-eligible activities (A.1. + A.2.)		**12 956**	96 %																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B. Turnover of Taxonomy-non-eligible activities		**531**	4 %																
Waste ineration		347	3 %																
Electricity production based on excess heat from waste incineration		100	1 %																
District heating and cooling (other)		60	0 %																
Hafslund Vekst (other)		15	0 %																
Hafslund Hovedgård		9	0 %																
Total (A + B)		**13 487**	100 %																

		2024		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	**Code (2)**	**CapEx (3)**	**Proportion of CapEx, year 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MNOK	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from hydropower	CCM 4.5	849	26 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	NA	NA	Y	Y	51 %		
Electricity generation from wind power	CCM 4.3	1 791	54 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	NA	Y	NA	Y	Y	NA		
Storage of Electricity	CCM 4.10	15	0 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	NA	Y	Y	1 %	E	
District heating/cooling distribution	CCM 4.15	265	8 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	NA	Y	Y	Y	17 %		
Close to market research, development and innovation: Carbon capture	CCM 9.1	273	8 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	Y	Y	Y	19 %		
Close to market research, development and innovation: Hafslund rådgivning	CCM 9.1	0	0 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	Y	Y	Y	0 %	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**3 193**	97 %																
Of which enabling		**15**	0 %																
Of which transitional		**0**	0 %																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from hydropower	CCM 4.5	4	0 %	EL	EL	N/EL	N/EL	N/EL	N/EL								0 %		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**4**	0 %																
A. CapEx of Taxonomy-eligible activities (A.1. + A.2.)		**3 197**	97 %																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B. CapEx of Taxonomy-non-eligible activities		**96**	3 %																
Waste ineration		60	2 %																
Electricity production based on excess heat from waste incineration		0	0 %																
District heating and cooling (other)		24	1 %																
Hafslund Vekst (other)		12	0 %																
Hafslund Hovedgård		0	0 %																
Total (A + B)		**3 293**	100 %																

		2024		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	**Code (2)**	**OpEx (3)**	**Proportion of OpEx, year 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, year 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MNOK	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from hydropower	CCM 4.5	666	65 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	NA	NA	Y	Y	74 %		
Electricity generation from wind power	CCM 4.3	42	4 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	NA	Y	NA	Y	Y	NA		
Storage of Electricity	CCM 4.10	4	0 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	NA	Y	Y	0 %	E	
District heating/cooling distribution	CCM 4.15	94	9 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	NA	Y	Y	Y	12 %		
Close to market research, development and innovation: Carbon capture	CCM 9.1	0	0 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	Y	Y	Y	0 %		
Close to market research, development and innovation: Hafslund rådgivning	CCM 9.1	0	0 %	Y	N	N/EL	N/EL	N/EL	N/EL	NA	Y	Y	Y	Y	Y	Y	0 %	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**806**	78 %																
Of which enabling		**4**	0 %																
Of which transitional		**0**	0 %																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from hydropower	CCM 4.5	10	1 %	EL	EL	N/EL	N/EL	N/EL	N/EL								1 %		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**10**	1 %																
A. OpEx of Taxonomy-eligible activities (A.1. + A.2.)		**816**	79 %																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B. OpEx of Taxonomy-non-eligible activities		**215**	21 %																
Waste ineration		174	17 %																
Electricity production based on excess heat from waste incineration		2	0 %																
District heating and cooling (other)		3	0 %																
Hafslund Vekst (other)		28	3 %																
Hafslund Hovedgård		7	1 %																
Total (A + B)		**1 031**	100 %																

Row	**Nuclear energy related activities**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

E1 Climate change

Strategy

Why climate change is material for Hafslund (SBM-3)

Hafslund develops, expands and produces renewable energy that helps reduce greenhouse gas (GHG) emissions in line with national and international climate targets. Local excess heat from waste incineration, data centres and sewage is used to produce district heating. District heating helps to relieve the power grid and enables electricity to be used for other purposes. District heating therefore makes an important contribution to the electrification and decarbonisation of society. Incineration is the only legal method for treating residual waste that is used in Norway. If the waste had been landfill, the GHG emissions would be significantly higher than the emissions released from the incineration plants. However, the GHG emissions from waste incineration are still significant, and the incineration plant at Klemetsrud is both Hafslund and the City of Oslo's largest source of point emissions of greenhouse gases (Scope 1).

The Power Production and Growth and Investments segments and the parent company Hafslund AS cover their electricity consumption by purchasing guarantees of origin and therefore have no Scope 2 emissions. The district heating business uses electricity as an energy source for parts of district heating production when grid capacity allows for this and when prices are low. No guarantees of origin are purchased in connection with this electricity consumption, which means that the Hafslund Group has Scope 2 emissions.

The highest indirect emissions (Scope 3) relate to Hafslund's development projects for new renewable energy and input factors/fuels for the district heating plants, as well as Hafslund's investments in other companies. Climate change poses both physical and transitional risks for Hafslund's operations and power production. More severe and more frequent extreme weather such as flooding can result in damage to critical infrastructure and facilities, while changing precipitation conditions and wind patterns can lead to reduced and/or more unpredictable power production. Increased average temperatures can also lead to lower demand for district heating to cover heating needs. In addition, more volatile power prices in the market due to more unregulated power such as wind and solar mean there is greater complexity in the power market, and this could make growth in renewable energy more challenging. When there is unpredictable power production and imbalance in the power market, district heating can help create balance by supplying or receiving power. At the same time, the pace of development for upgrades and expansion of existing and new power plants is being delayed by factors such as full grids, long licensing processes, increased costs due to inflation, rising interest rates and disruptions in the supply chain.

As a renewable energy player, climate change and the transition represent opportunities for Hafslund. In order to limit global warming and contribute towards transitioning away from fossil energy sources, it is necessary to increase the development of renewable energy production and grids, as well as contribute to energy efficiency. The need for energy to heat and

cool buildings will increase in a world with greater fluctuations in the climate. The value of hydropower's contribution to balance in the power system through adjustable reservoir capacity is rising in a power market with an increasingly larger share of unregulated power from wind and solar.

Hafslund's upcoming carbon capture plant at the Klemetsrud waste incineration plant will be critical to achieving the company's own emissions reduction targets and the goal of becoming climate-positive. This is also crucial for the City of Oslo's target of reducing gas emissions by 95 per cent by the end of 2030. The project will make a significant contribution to achieving national emissions targets and will cut 19 % of Oslo's GHG emissions. The investment in carbon capture of both fossil and biogenic CO2 will make it possible to sell carbon removal credits from BECCS[31], which contributes to climate-positivity through the permanent removal of CO2 from the atmosphere. Carbon capture can also provide a competitive advantage by offering the waste suppliers that are customers of Hafslund emission-free final treatment of their waste.

Results from the climate risk analysis

Physical climate risk	
Chronic	Greater unpredictability for production and planning due to changes in climate and weather patterns
	Changes in markets due to changes in weather and climate
Acute	Increased risk of damage and collapse of infrastructure due to more frequent extreme weather
Transitional risk	
Market	Increased costs/reduced access to raw materials and input factors
	Increased volatility in energy prices due to higher proportion of variable energy production
Technology	Failed investments in technology
Policies and regulations	Increased taxation of power generation
	Unpredictability and costs due to impending climate regulations
Opportunities	
New markets/Adaptation and resilience	New markets and change in customer needs due to climate change
	Opportunities related to increased power production due to climate change
	New market for the sale of carbon removal certificates (CRD)
	Balance for the energy system of the future
New markets Innovation	Utilise opportunities and price variations in the power system/energy system of the future
Adaptation and resilience	Access to green capital
Renewable energy, new markets, adaptation and resilience	Competitive advantage and commercial opportunities when transitioning to the low-emission society

[31] *BECCS stands for "Bioenergy with Carbon Capture and Storage".*

The resilience of the strategy and business model (SBM-3)

Hafslund produces hydro and wind power, and offers district heating, district cooling, waste incineration, consulting and smart energy solutions. Hafslund's business model is closely linked to the solutions that the world is dependent on for reducing GHG emissions.

Hafslund's strategy is based on the risk landscape that Hafslund faces, the expectations we encounter from our owners and other key stakeholders, and the experience and expertise acquired throughout the company's 130-year history. Hafslund's strategy process is briefly summarised in three steps:

- "Our starting point"
- "The future we believe in"
- "How to face the future"

On the whole, the basis for the strategy is an assessment of the robustness of Hafslund's business model and strategy, together with a set of goals which will ensure that Hafslund is well-equipped in the long term. Climate risk analysis is used as part of the knowledge base, together with other internal and external analyses. The latter is the basis for the "The future we believe in", which is what Hafslund considers to be the most likely scenario for the ongoing strategy period up until 2035.

Among other things, it is Hafslund's belief that:

- Requirements relating to climate and nature are intensifying and becoming an integral part of all activities.
- A strong need for renewable energy will continue and much of what is new will not be flexible energy.
- Falling cost curves for renewable technology are accelerating the green transition.
- Climate-friendly transition of society and business provides greater sectoral connectivity and increases power system flexibility.

Hafslund is adapting to climate change by:

- Reducing negative impact by minimising the Group's GHG emissions. The largest single measure is the construction of carbon capture linked to the waste incineration plant at Klemetsrud.
- Adapting operations and management to climate change. Among other things, this involves protecting our own facilities and local communities against the effects of extreme weather and flooding.
- Developing new and existing services that make a positive contribution towards limiting climate change and reducing the need for fossil fuels. Hafslund has plans to produce more renewable energy in the years to come.

Managing impacts, risks and opportunities

Policies related to climate change (E1-2)

Hafslund's Sustainability Policy outlines the Group's principles for reducing GHG emissions, climate change risk and adaptation, and energy efficiency[32]. Climate change considerations are also integrated into the Group's procurement policy, ethical guidelines, and ethical guidelines and requirements for suppliers[33].

In 2024, Hafslund operationalised the principles from governing documents as follows:

- Commenced work on implementing contractual requirements for reducing emissions and climate reporting in the Power business' contract templates.

[32] *See Guidelines for working with environmental aspects.*
[33] *See the chapter titled General information.*

- Prepared draft of procedure for climate assessments in project models.
- Updated the Group's Travel Policy to include climate and sustainability considerations.
- Integrated climate accounting and climate budget reporting at project level in the Power business (see actions implemented during the reporting year).
- Completed pilot projects with emission-free construction sites, such as the rehabilitation of Nyhellervatn dam, to gain experience and acquire learning from new projects (see actions implemented during the reporting year).

When concerning climate change, Hafslund expects suppliers to:

- Counteract atmospheric pollution that has consequences for the climate.
- Work with waste management and phasing out the use of non-renewable resources. Suppliers are expected to choose modern and efficient technologies that reduce GHG emissions and other emissions from products and services.
- Apply the precautionary principle to implement measures for continuously minimising GHG emissions.

Transition plan for climate change mitigation (E1-1)

One of Hafslund's strategic initiatives up to 2035 is linked to the Group's target of climate-positivity. In the autumn of 2023, Hafslund commenced work on a transition plan for reducing GHG emissions (hereinafter referred to as the Climate Action Plan). The plan specifies how Hafslund will work to achieve the Group's climate targets and thereby contribute towards limiting global warming in line with the Paris Agreement. The plan addresses both existing sources of emissions and potential future emissions related to the development of new renewable energy.

The Climate Action Plan covers all of Hafslund's business areas and was adopted by Group management in 2024. Each business area has developed its own Climate Action Plan and the Group-wide plan collates the most significant measures from the company areas. Hafslund's targets related to reducing GHG emissions and progress towards achieving the targets are discussed in the subchapter Targets related to climate change mitigation and adaptation.

The work on the Climate Action Plan has resulted in key actions being identified that will be important for Hafslund to succeed in reducing its GHG emissions and achieving climate targets. The actions identified in the Climate Action Plan and how these contribute to reducing emissions in relation to Hafslund's climate change targets are discussed in the sub-chapters Measures for reducing greenhouse gas emissions and Measures for climate adaptation.

As part of the implementation of Hafslund's Climate Action Plan, responsibility for implementing the specific actions has been distributed along the line in the subsidiaries to the departments closest to where the measures are to be implemented. A plan for implementation and follow-up will be prepared in each business area in 2025. Resources have been allocated to provide professional assistance and support to the subsidiaries for implementing the plans. Hafslund has two climate change advisers that are specifically responsible for following up and assisting implementation across the Group. Internal skills development will be required to ensure successful implementation of the plan and the actions that have been identified. A skills development plan will be prepared in 2025.

Waste incineration is a so-called "hard-to-abate" sector where emissions can be reduced via two measures: either by increasing the sorting of fossil waste prior to incineration or by investing in carbon capture and storage (CCS) to avoid locked-in GHG emissions. Waste incineration combined with district heating enables the recycling of energy that would otherwise be wasted. There is an undercapacity of incineration plants in Europe that ensure safe and environmentally-friendly final treatment of residual waste.

By establishing a carbon capture plant at Klemetsrud, Hafslund can increase its contribution to recycling energy from residual waste while at the same time achieving carbon removal.

SF_6 gas in high voltage switches and systems is also a potential source of locked-in GHG emissions, partly because there are currently no SF_6-free solutions available for the highest voltage levels. GHG emissions from leaking SF_6 could potentially impact Hafslund's ability to achieve its overall climate target for Scopes 1 and 2. The market is working on alternatives, and Hafslund is following developments in order to be able to replace SF_6 when there are solutions available for this.

For indirect GHG emissions (Scope 3), emissions linked to category 15 "Investments" may be considered locked-in GHG emissions. A large proportion of Hafslund's emissions in this category originate from district heating operations and grid losses in Eidsiva Energi, a company in which Hafslund is a part owner. Hafslund works to address these emissions categories through ownership follow up and board representation.

Hafslund is included in the EU's "Paris-aligned benchmark" (PAB). This index only includes businesses that have activities which align with the 1.5-degree target, and excludes, among other things, businesses that have revenues related to fossil energy sources.

Actions and resources for managing material IROs (E1-3)

Actions for reducing greenhouse gas emissions from the Climate Action Plan

Hafslund's work on the Climate Action Plan has identified possible measures, which are assessed based on the degree of feasibility and potential for reducing emissions, as well as the extent to which they contribute towards the Group's climate targets.
The construction of the Klemetsrud carbon capture plant has been identified as the most important action for reducing Hafslund's Scope 1 emissions. The investment decision to realise the carbon capture project was made in January 2025, and the plant is scheduled to come online by the third quarter of 2029. The facility will be one of the world's first full-scale carbon capture plants for waste incineration. The carbon capture plant will capture 90 per cent of all CO_2 in the flue gas from the waste incineration plant. A local logistical solution will be established that prepares the captured CO_2 for emission-free transport to the Port of Oslo, from where it will be collected and forwarded on to permanent storage under the seabed in the North Sea as part of the national Langskip project. In addition to removing fossil CO_2, the plant will also capture CO_2 released from the incineration of biogenic material, and thereby permanently remove CO_2 from the natural carbon cycle. This also opens up the possibility of selling carbon dioxide removal credits (CDRs).

Once completed, the carbon capture plant will capture 350,000 tonnes of CO_2 annually. The project has a cost framework (P85) totalling NOK 9.5 billion. The Norwegian state will contribute NOK 2.5 billion in investment support, the City of Oslo will invest NOK 2.6 billion through preference shares in Hafslund Celsio and Hafslund itself will invest NOK 4.3 billion.

In addition to the development of CCS, other key measures have been identified for which implementation has yet to be decided. The purchase of guarantees of origin is considered to be the Group's most important action for reducing Scope 2 emissions. Other measures will include continuing the electrification of the Group's own vehicle fleet and phasing out SF_6 gas at existing facilities and selecting SF_6-free solutions when available in connection with new construction or rehabilitation of facilities. On the whole, the measures that have been identified can contribute to achieving Hafslund's Scope 1 and 2 climate targets: 90 per cent cut in own emissions by 2035.

The Group's investments in other companies make up a significant share of Hafslund's total Scope 3 emissions. The action that is considered to have the greatest impact for Scope 3 is the follow-up of climate action plans in partly-owned companies through board representation. Other key measures are to use carbon pricing in procurements and set climate requirements for procurements, as well as to request and use low-emission solutions in projects (including the use of materials and

components with low GHG emissions and fossil- and emission-free construction and transport). The aggregate total of these measures is currently not enough for achieving Hafslund's climate targets in 2035. Hafslund will work on improving the data basis for calculating Scope 3 emissions, as well as further identification of climate measures in 2025.

Actions for reducing greenhouse gas emissions implemented during the reporting year

In addition to the work on the Climate Action Plan, Hafslund implemented a number of measures during the reporting year to reduce GHG emissions:

- **Emission measurements at Klemetsrud:** In 2024, measurements were made of the composition of the flue gas from the Klemetsrud plant. In 2025, new measuring equipment was installed that will take continuous measurements of the proportion of biogenic and fossil CO2 in the flue gas. This provides knowledge about the emissions that is important for the carbon capture project.
- **Climate integrated into project models:** Hafslund has commenced work on integrating climate assessments into the project models in the different business areas to ensure that the issue is taken into consideration during the entire project process and in all projects. The purpose of this is for correct assessments to be made at the correct time to ensure that low-emission solutions are included as an assessment criterion from an early stage. This work will continue in 2025.
- **Fossil- and emission-free construction in connection with the rehabilitation of Nyhellervatn:** Rehabilitation of the rock fill dam started in 2024. The work is being carried out with completely fossil fuel- and emission-free machines. Among the equipment being used are electric tipper trucks, wheel loaders and excavators. Hafslund's mobile energy solutions deliver charging infrastructure to the facility, which is located at a height of 1,400 metres. The project is contributing towards cutting GHG emissions and enables the use of emission-free technology for others. During the reporting year, it was estimated that the use of biodiesel and electricity instead of fossil diesel contributed to saving GHG emissions of approximately 770 tonnes of CO_2e.
- **Update of climate and environmental requirements:** Requirements related to reducing GHG emissions have been included in the contract templates for the Power business. The requirements include upper limit values for GHG emissions from steel and concrete, as well as requirements for the preparation of greenhouse gas budgets and accounts at project level. This is also part of improving data quality in Hafslund's climate accounting.
- **Fossil fuel-free transport of hospital waste:** When concerning the transport of hospital containers with hospital waste to Klemetsrud, a new contract has been entered into with the requirement that a minimum of 69 per cent of the driving must be carried out using biogas, electricity or hydrogen from 1 January 2025.

In addition to reducing GHG emissions from its own operations and value chain, Hafslund enables other operators and sectors to cut their emissions. For 2024, this included:

- **Establishing fast charging for heavy transport:** Hafslund contributes to electrification and cutting emissions from heavy transport through its partly owned company Fastcharge. The first charging station with 10 fast charging points totalling 3 MW opened at Alnabru, Oslo in August 2024. Two charging stations were opened at the end of December at Rudshøgda and Ramsum in Vestfold. A charging station is also under construction at Furulund in Vestfold, which will open in 2025. The objective is to establish a network of fast charging stations along main roads that will make it possible to have electrical heavy transport in Southern Norway. The electrification of heavy vehicles is important for achieving Oslo's climate targets, because heavy vehicles produce 13 per cent of emissions.

- **Mobile supply of energy to emission-free construction sites:** Hafslund's mobile energy solutions provide comprehensive energy solutions for emission-free construction sites with construction power, charging stations and battery solutions. In 2024, Hafslund Mobil Energi provided power supply and charging services to the Norwegian Public Roads Administration's project "Miljøgata Gran" which is a pilot project for the emission-free construction of a main road, pedestrian and cycle path, sidewalks and green spaces. It is estimated that the project has contributed to reducing the emission of 335 tonnes of CO2e.

Actions for climate change adaptation

Hafslund conducts risk and vulnerability (ROS) analyses in projects, including the potential future impact of climate change on the facilities. Some of Hafslund's facilities are at risk of water intrusion in the event of extreme rainfall events. Two specific measures will make existing facilities less susceptible to damage. The first is the reconstruction and reinforcement of dams and regulating facilities in order for these facilities to withstand greater impact. The dam is better anchored to the bedrock and dam bodies are reinforced on the water and air sides, and flood diversion capacities are increased in line with requirements. The second is the reconstruction of dams that are not strong enough. New structures are being built whereby typical old slab dams are being replaced with concrete gravity dams or new hatches or spillway tunnels are being built to increase flood diversion capacity.

The risk of landslides (flooding) has become more applicable in recent years. When establishing new hydropower plants, climate adaptation is safeguarded in the Dam Safety Regulations, which provide guidelines for the correct dimensioning of dams and watercourse facilities. There are various types of climate surcharges that are used for dimensioning, including flood sizes. The system of rules set requirements for the return period for dams and that the dams must be able to withstand accidental loads greater than 500 and 1,000-year floods based on impact assessments to ensure that Hafslund's dams will be robust when facing climate change.

For existing power plants and other buildings that are not governed by the Dam Safety Regulations, the municipal land plans are used as a basis in the planning process. Municipal land plans do not provide guidelines for specific actions, but function as a framework for land use. The land part of the municipal plans can affect the safety class at Hafslund's facilities, which sets guidelines for safety requirements for preventing breaches at the facility.

For new solar and wind projects, NVE's due diligence map for flooding with climate surcharges is used as one of the screening criteria when assessing different locations.

Targets and metrics

Targets related to climate change (E1-4)

Hafslund's target is to become climate-positive by 2035. In addition, the Group has the target of reducing Scope 1 and 2 emissions by 90 per cent and Scope 3 emissions by 50 per cent within the same timeframe. The climate targets for Scopes 1, 2 and 3 are gross reduction targets, while achieving the target of climate-positivity will require the purchase of carbon credits for residual emissions when the gross reduction targets are achieved (see further description in Carbon credits). For Scope 2, the target is based on market-based calculation methodology for electricity consumption. Hafslund's greenhouse gas accounts are used to document progress towards climate targets related to Scopes 1, 2 and 3.

Hafslund has had targets for reducing GHG emissions since 2019, and the target was most recently revised in 2024. Hafslund's revised climate targets, as well as its ambition of climate-positivity, are rooted in the Group's strategy. The previous base year for the climate targets was 2019, but the base year was changed to 2023 during the reporting period. The reason for this was that Hafslund is continuously working on improving its

climate reporting and data quality, and the 2023 climate accounts cover a greater proportion of the Group's emissions when compared to 2019.

The climate targets were set with the involvement of internal stakeholders in the subsidiaries, before being adopted by Group management. Hafslund's ambitions for climate-positivity are part of the Group's strategy up to 2035 which has been decided by Hafslund's Board of Directors. The targets are in line with a successful transition to a 1.5-degree scenario, as well as with climate science and the Paris Agreement. Hafslund's climate targets have been prepared based on the Science Based Targets initiative's (SBTi) decarbonisation pathway for the power sector, and are in accordance with the sector-specific reduction and the 1.5-degree target. This is based on the sector-specific ambition of close to zero in 2040, while Hafslund aims to become climate-positive by 2035.

	Reduction target (2023 to 2035)	Emissions in the base year (2023)	Measurement value (2035)
Scopes 1 and 2	- 90 %	479,800 tonnes of CO_2e	48,000 tonnes of CO_2e
Scope 3	- 50 %	94,000 tonnes of CO_2e	47,000 tonnes of CO_2e
Total		**573,800 tonnes of CO_2e**	**95,000 tonnes of CO_2e**

The emissions figures have been rounded to the nearest 100 tonnes of CO_2e.

Production of renewable energy

Hafslund's greatest positive impact associated with climate change is the production of renewable energy. The Group has concrete and time-specific targets for growth in production capacity for renewable energy, however, these targets are not discussed in detail due to competition-related concerns.

Reporting boundaries

Reported data on energy consumption, energy intensity, GHG emissions and GHG intensity includes the same companies that are consolidated in the financial statements for Hafslund, in addition to other power plants for which Hafslund has operational control. For power plants with joint operations for which Hafslund does not have operational control, the metrics below are reported in accordance to share of equity, and 100 per cent of the data is reported for the power plants in which Hafslund has operational control.

Energy consumption and mix (E1-5)

Energy consumption

Energy consumption refers to electricity consumed in operations, in office buildings and for charging electric vehicles, fuel and surplus heat used in district heating production, and fuel for vehicles and various other requirements in operations such as emergency generators and snowmobiles.
Presented data is primarily based on direct measurements of consumed electricity or fuel that is converted into MWh[34].

For electricity purchased without guarantees of origin, the standard for the European residual mix is used as the basis for the distribution between the share of fossil, renewable and nuclear consumption. The European residual mix represents the composition of European power production that is not documented with guarantees of origin and therefore has a high fossil share[35].

The district heating production utilises excess heat that would otherwise be lost from data centres, sewage and waste incineration. This is excess heat is therefore reported under "Renewable energy production". In the European Commission's guidelines for the implementation of the EU's

[34] *Conversion factors and the share of fossil-based and renewable energy for fuels are based on figures from the Norwegian Environment Agency. This is based on the current sales requirements for biofuels for diesel and construction diesel. Conversion factors for fuels for district heating are based on figures from the fuel suppliers. The share of renewables, fossil and nuclear power in electricity consumption is based on NVE's estimates for physically supplied electricity and electricity without guarantees of origin (European residual mix).*
[35] *The majority of the electricity purchased without guarantees of origin is used for electric boilers in district heating production. These are primarily used when electricity prices are low, which coincides with a high surplus of non-dispatchable renewable power in Northern Europe or abundant water in watercourses.*

Renewable Energy Directive and the Energy Efficiency Directive (EED), excess heat from waste incineration (and other sources) is equated with renewable energy. For the same reason, the production of district heating based on this surplus heat, and electricity production based on surplus steam from waste incineration, are reported under "Renewable Energy Production".

ENERGY CONSUMPTION AND MIX	Unit	2024
Fuel consumption from coal and coal products	MWh	0
Fuel consumption from crude oil and petroleum products	MWh	11,530
Fuel consumption from natural gas	MWh	27,868
Fuel consumption from natural gas	MWh	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	520,055
Total fossil energy consumption	**MWh**	**559,453**
Share of fossil sources in total energy consumption	Per cent	23 %
Consumption from nuclear sources[36]	**MWh**	**61,910**
Share of consumption from nuclear sources in total energy consumption	Per cent	3 %
Fuel consumption from renewable sources, including biomass	MWh	211,643
Consumption of purchased and acquired electricity, heat, steam and cooling from renewable sources[37]	MWh	309,598
Consumption of self-generated non-fuel renewable energy[38]	MWh	1,275,123
Total renewable energy consumption	**MWh**	**1,796,365**
Share of renewable sources in total energy consumption	Per cent	74 %
Total energy consumption	**MWh**	**2,417,728**

At present, the majority of Hafslund's fossil fuel powered vehicles are vans. Hafslund is working on phasing out fossil fuel powered vehicles for the areas of use where this is possible, and this is a target figure that is monitored. The metric includes vans and regular passenger vehicles.

	Unit	2024
Share of electric cars in the car fleet	Per cent	58 %

Energy production and investments in renewable energy

Energy production shows production from companies that are consolidated in Hafslund's financial statements. Power produced from power plants where Hafslund has operational control but not ownership is not included. Hafslund's renewable energy production consists of production of hydropower, wind power, district heating and electricity production based on excess heat from waste incineration.

Non-renewable energy production consists of the share of district heating produced from the fossil portion of the electricity used in electric boilers[35], and from the combustion of LNG. See chapter Resource use and circular economy for an overview of the various energy sources used in the production of district heating.

Reported production data is based on direct measurements, and renewable energy projects in the planning phase are based on calculations.

"Power losses as a result of regulatory revisions" shows the extent of power loss Hafslund has experienced due to increased environmental flow or reservoir restrictions following revisions of concession terms in 2024.

[36] *Represents the share of energy from nuclear sources in the European residual mix, for electricity purchased without guarantees of origin.*
[37] *Includes purchased electricity and district heating, purchased surplus heat from the Oslo municipality, and surplus heat from sewage and data centers.*
[38] *Includes consumption of self-produced hydropower, and surplus heat from waste incineration.*

Energy production	Unit	2024
Renewable energy production	MWh	21,643,000
Hydropower production, gross before own consumption withdrawal[39]	MWh	19,747,000
Wind power production[40]	MWh	262,000
Production of renewable district heating	MWh	1,485,000
Electricity production based on surplus heat from waste incineration	MWh	149,000
Non-renewable energy production	MWh	432,000
Total energy production	**MWh**	**22,075,000**
Share of renewable energy in total energy production	Per cent	98.0 %
Power losses as a result of regulatory revisions	MWh	0

In line with Hafslund's vision "For a world in balance, with renewables", the Group is working to increase the production of renewable energy. The metrics below show the development in 2024 and include the same companies that are consolidated in the financial statements for Hafslund, and additional power plants over which Hafslund has operational control.

Investments in renewable energy	Unit	2024
Increased installed power generation capacity	MW	0
Reinvestment in production facilities	MWh	0
Investment in new production	MWh	0
Renewable projects under planning (energy)	MWh	800,000
Renewable projects under planning (capacity)	MW	1,200

Energy intensity based on net revenues

The energy intensity is calculated based on energy consumption and net revenues from the Power Production and District Heating business areas[41]. The Growth and Investment business area is not included, because this business area is not defined as a sector with a high climate impact according to the definition in the CSRD[42].

Energy intensity	Unit	2024
Total energy consumption from activities in high climate impact sectors per net income from activities in high climate impact sectors	MWh/NOK million	178

Greenhouse gas emissions (E1-6)

In order to ensure that the emissions figures are as accurate as possible, Hafslund strives to use activity-based data in calculating GHG emissions when available. The calculations of GHG emissions within Scopes 1 and 2 are exclusively based on activity data, while the emissions calculation for Scope 3, with the exception of category 15, is in 2024 based on 37 per cent activity data and 63 per cent expense data, see details of this in the separate overview below. Estimates based on expenses are calculated in Morescope[43] and in Position Green[44], where expense amounts are multiplied by an emissions factor for the supplier sector. These estimates have varying levels of accuracy, and Hafslund has begun work on improving the reporting of activity-based data for calculating GHG emissions in development projects and for purchased goods and services.

100 per cent of the electricity in the Power Production and Growth and Investments segments, as well as Hafslund AS, is purchased with guarantees of origin. This represents 1.9 per cent of the total electricity purchased in the Group in 2024.

Total GHG emissions increased in 2024 compared to 2023. The primary reason for the increase was that the European residual mix for electricity, which Hafslund uses for calculating emissions related to electricity purchased without guarantees of origin in Scope 2, was assigned a higher fossil share than in 2023. Hafslund also increased Scope 1 emissions due to improved efficiency in waste incineration, which resulted in an increased quantity of treated waste. The Norwegian Environment Agency has also increased its standard fossil share in residual waste from the previous year.

[39] Own consumption is related to pumping, and amounts to 352,000 MWh.
[40] Shows power production from July 1 onwards, following the acquisition.
[41] Net revenue is derived from the lines "Sales revenues" and "Other operating revenues" in the Consolidated Financial Statements note 2.1 Segment information.
[42] Sectors listed in sections A to H and section L of "Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council".
[43] MoreScope uses an EE-MRIO algorithm developed by SINTEF, which is based on the OECD ICIO database and uses an "Environmental Extended Input-Output Model" (EEIO or EE-MRIO)
[44] Position Green uses emissions factors from Exiobase version 3.9

GHG emissions		**Retrospective**											**Target**	
		Power production		District heating (District heating and and waste incineration)		Growth and investments		Other businesses		The group consolidated				
	Unit	**2024**	**2023**	**2024**	**2023**[45]	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024/ 2023**	**2035**[46]	**Annual %-target / base year**
Scope 1 GHG emissions														
Gross Scope 1 GHG emissions[47]	t CO_2eq	520	800	232,100	209,400					**232,600**	**210,200**	111 %		
1 Stationary combustion	t CO_2eq			231,700	209,300					**231,700**	**209,300**	111 %		
Associated with waste incineration	t CO_2eq			*226,100*	*202,400*					*226,100*	*202,400*	112 %		
Associated with district heating	t CO_2eq			*5,600*	*6,900*					*5,600*	*6,900*	81 %		
2 Mobile combustion	t CO_2eq	480	600							**480**	**600**	80 %		
3 Fugitive emissions	t CO_2eq	40	200	400	80					**450**	**280**	159 %		
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	Per cent	0 %	0 %	0 %	0 %					**0 %**	**0 %**			
Scope 2 GHG emissions														
Gross location-based Scope 2 GHG emissions	t CO_2eq	180	470	9,300	10,200	1	2	20	140	**9,500**	**10,800**	88 %		
Gross market-based Scope 2 GHG emissions	t CO_2eq	10	10	370,800	269,600					**370,900**	**269,600**	138 %		
Total gross GHG emissions Scope 1 og 2 (market-based)	t CO_2eq	530	810	602,900	479,000	-	-	-	-	**603,500**	**479,800**	126 %	47,980	8 %
Significant scope 3 GHG emissions[48]														
Total Gross indirect (Scope 3) GHG emissions	t CO_2eq	19,385	16,091	29,486	37,532	38,311	39,667	963	753	**88,144**	**94,043**	94 %	47,022	4 %
1 Purchased goods and services	t CO_2eq	7,900	7,000	7,800	8,300	100	500	890	730	**16,800**	**16,500**	102 %		
2 Capital goods	t CO_2eq	10,400	8,300	5,800	5,100	280	310	20		**16,400**	**13,700**	120 %		
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	t CO_2eq	200	200	14,900	20,900	-		3	13	**15,100**	**21,100**	71 %		
4 Upstream transportation and distribution	t CO_2eq	30	60	300	400	0.4	1	1	1	**300**	**500**	63 %		
5 Waste generated in operations	t CO_2eq	-	20	490	2,698	-		0.1		**500**	**2,720**	18 %		
6 Business travel	t CO_2eq	175	170	20	-	37	7	32	12	**260**	**200**	138 %		
7 Employee commuting	t CO_2eq	240		140		10		20		**410**				
8 Upstream leased assets	t CO_2eq	460	360	50	96	-	3	-	1	**510**	**458**	112 %		
15 Investments[49]	t CO_2eq					37,900	38,900			**37,900**	**38,900**	97 %		
Total GHG emissions (location-based)	**t CO_2eq**	**20,100**	**17,400**	**270,800**	**257,100**	**38,300**	**39,700**	**980**	**890**	**330,200**	**315,000**	105 %		
Total GHG emissions (market-based)	**t CO_2eq**	**19,900**	**16,900**	**632,400**	**516,500**	**38,300**	**39,700**	**960**	**750**	**691,600**	**573,800**	121 %	**95,000**	7 %
Biogenic emissions Scope 1[50]	t CO_2eq			250,100	229,100					**250,100**	**229,100**			

[45] *The reported emissions for the District Heating business for 2023 have been recalculated for all Scope 3 categories. In addition, biogenic emissions for 2023 have been updated with emissions from biofuels.*
[46] *Hafslund has set targets for reducing GHG emissions by 2035. The table therefore shows 2035 in the target-column and not 2030.*
[47] *Emissions of methane (CH_4) and nitrous oxide (N_2O) from the combustion of biofuel are not included in Scope 1 in accordance with the Norwegian Environment Agency's methodology, which deems GHG emissions from biofuels to be climate neutral. When compared with other Scope 1 emissions, these emissions are also insignificant.*
[48] *Scope 3 categories 9-14 are not relevant to Hafslund's operations and is therefore not included in the reporting.*
[49] *Includes Hafslund's share of Scope 1 and location-based scope 2 emissions from Eidsiva AS and Fredrikstad Energi AS.*
[50] *Includes biogenic emissions from waste incineration and biofuels. Hafslund also has other Scope 2 biogenic emissions, but these are not included in the reporting due to the absence of data.*

GHG emissions	Unit	2024 The consolidated accounting group	2024 Units outside the consolidated accounting group, where Hafslund has operational control	2024 Total
Scope 1 GHG emissions	t CO_2eq	232,507	89	**232,596**
Scope 2 GHG emissions, location-based	t CO_2eq	9,500	30	**9,500**
Scope 2 GHG emissions, market-based	t CO_2eq	370,900	2	**370,900**

Greenhouse gas intensity

The GHG intensity is calculated by taking the aggregate total of GHG emissions calculated using the location-based and market-based method and dividing this by consolidated net revenues[51] for the Group. The emission intensity of district heating is based on Hafslund's Environmental Product Declaration (EPD) for the delivery of heat to customers, where the energy mix for 2024 is used as the basis. The EPD includes all direct and indirect emissions related to the production and delivery of district heating. Emissions related to equipment for utilizing surplus heat from waste incineration are included, while emissions from the treatment of residual waste are allocated to the waste producer (where the waste originates).

GHG intensity	Unit	2024
Total GHG emissions (location-based) per net revenue	t CO_2eq/NOK million	24.3
Total GHG emissions (market-based) per net revenue	t CO_2eq/NOK million	50.9
District heating emission intensity	g CO_2eq/kWh	18.2

GHG removal and GHG mitigation projects financed through carbon credits (E1-7)

The purchase of carbon credits has not been used as a basis for achieving Hafslund's climate targets related to the absolute reduction in GHG emissions in Scopes 1, 2 and 3. Hafslund did not purchase carbon removal certificates during the reporting year.

Achieving Hafslund's target for climate-positivity will require the purchase of carbon credits to offset residual emissions in 2035 after the climate targets related to absolute reductions have been achieved. Hafslund's target of climate-positivity shall be achieved through the purchase of BECCS quotas.

Internal carbon pricing (E1-8)

Hafslund has conducted an internal project for carbon price modelling in 2024 to assess how internal carbon pricing can assist in achieving the Group's climate targets. A trial project will be carried out in 2025 involving the use of carbon pricing with the selected model. The carbon price shall be used in connection with competitive tenders to incentivise suppliers to deliver projects with the lowest estimated climate budget.

This trial project includes all of Hafslund's subsidiaries. The ambition is to test the carbon pricing model on at least five projects. Since the model will be used in connection with competitive tenders in the projects, it will primarily contribute to triggering climate measures that help to reduce emissions from Scope 3, category 2 "Capital Goods". This category accounted for 16,400 tonnes of CO_2e during the reporting year, which equates to a share of Hafslund's location-based emissions of 5 per cent.

[51] *Net revenue is derived from the lines "Sales revenues" and "Other operating revenues" in the Consolidated Financial Statements note 2.1 Segment information.*

Emission factors and basis for calculating GHG emissions (activity-based share)

Scope 1

1 - Stationary combustion (100%)

LNG, fossil oil, biogenic emissions from biofuels: The Norwegian Environment Agency, Tables for conversion from energy products to emissions (2024).

Waste: The Norwegian Environment Agency, National Standard Factors (2024).

Amounts based on actual purchases and quantity of fuel used.

2 - Mobile combustion (100%)

Diesel, construction diesel, gasoline: The Norwegian Environment Agency, Tables for conversion from energy products to emissions (2024).

Amounts based on actual fuel consumption obtained from leasing companies and from power plant areas.

3 - Fugitive emissions (100%)

SF_6 gas, R134a: The Norwegian Environment Agency, Table for conversion to CO_2 equivalents (2024).

Amounts based on procurement and replenishment log.

Scope 2

1 - Purchased electricity (100%)

Location-based electricity (Norway): The NVE Climate Declaration for Physically Delivered Electricity (2023).

Electricity without guarantee of origin: NVE's Product Declaration for Electricity Providers (2023).

Consumption figures obtained from Elhub.

2 - Purchased heating (100%)

District heating for office buildings in Oslo: Specific emissions factor for the district heating business' EPD.

District heating for office buildings in Lillehammer: Average factor for district heating in Lillehammer from Morescope.

Based on actual heating consumption.

Scope 3

Cost-based: Morescope and Position Green[43,44]

1 - Purchased goods and services (1%) and 2 - Capital goods (17%)

Activity-based: Based on climate reporting from certain large projects, from which data pertaining to actual consumed quantities and energy products has been collected, as well as a combination of industry standards and project-specific EPDs.

3 - Fuel and energy-related activities (100%)

Diesel, duty-free auto diesel, gasoline, LNG, fossil oil, bio-oil, biodiesel, pellets: DEFRA, GHG conversion factors, WTT fuels and WTT bioenergy (2024).

Electricity, upstream emissions and grid losses: IEA (2021).

Amounts based on actual purchases and quantities of fuel used, as well as actual purchased heating and electricity.

4 - Upstream transport and distribution (2%)

Number of helicopter hours from the invoice, fuel consumption of Airbus AS350, emission factor from HydropowerLCA.

5 - Waste generated in operations (1%)

Activity-based: DEFRA, GHG conversion factors, Waste disposal (2024).

Waste volumes obtained directly from waste management companies.

6 - Business travel (91%)

Vehicles, aircraft: DEFRA, GHG conversion factors, Air travel and Passenger vehicles (2024).

Trains: Chalmers, Klimatsmart semester (2024)

Hotels: Etic hotels (2024) and DEFRA, GHG conversion factors, Hotel (2024).

Travel distances obtained from travel agencies and travel expense reports. Hotel nights obtained from invoices and travel expense reports.

7 - Employee commuting (100%)

Train, tram, metro, bus: Statistics Norway, Emissions from transport work (2022).

Vehicles: DEFRA, GHG conversion factors (2024).

Transport habits and travel distances identified through survey.

8 - Upstream leased assets (0%)

15 - Investments (N/A)

Received directly from partly-owned companies

E2 Pollution

Strategy

Why pollution is a material topic for Hafslund (SBM-3)

Pollution is a material sustainability topic for Hafslund due to the waste incineration plants in the district heating business. Heat production impacts the external environment in the form of emissions into the air from the incineration of fuels, emissions into the wastewater network from a treatment plant linked to waste incineration at Klemetsrud, and diffuse emissions into the air, soil and water as a result of the Group's general activities. The storage of fuels and chemicals also entails a risk of accidental emissions into the air, soil or water/streams.

The waste incineration plants are large, complex facilities that store chemicals used in the process, including for treating flue gas and water. Other facilities that are only used on the coldest winter days are less complex. All district heating plants have some emissions into the air and all carry the risk of accidental emissions due to the storage of fuels and chemicals.

Risks of emissions into the external environment from the district heating business are linked to operational faults or failures in the air and water treatment systems, as well as from any defective barriers or accidents during the handling of chemicals. In the cleaning process for the waste incineration plants, particles containing pollutants cleaned out of the flue gas, fly ash, and which are defined as hazardous waste, are also removed.

The waste is sent for disposal, but there may be minor spills which carry the risk of ash being spread to the surrounding area. In addition to the risk posed by the emissions themselves, Hafslund's financial situation and reputation could also be adversely affected by any acute emissions.

The emissions into the air originate from waste incineration, incineration of pellets, liquid biofuel, LNG and light heating oil. Through the district heating business, Hafslund has heating plants located at several locations in Oslo to meet the heating needs of the district heating network. These plants vary in terms of their size and complexity. During operation, the boilers where the fuel used is waste, bio-oil/biodiesel, LNG or light heating oil will produce emissions into the air, but within government-defined emission limits. Emission permits for the heating plants are based on the Waste Regulations and Pollution Regulations, which in turn are based on the EU Industrial Emissions Directive. Emissions into the air and water are regulated through BAT (Best Available Techniques) conclusions and emission limits[52]. Any stricter emission requirements could result in consequences and possible costs for Hafslund through upgrades or replacements of treatment systems.

[52] *"Reduce" in the restriction hierarchy.*

Managing impacts, risks and opportunities

Policies related to pollution (E2-1)

Effective environmental management is part of Hafslund's social responsibility and the district heating business is environmentally certified in accordance with ISO 14001. Measuring, monitoring and reporting systems are used to control the environmental impact. Emissions into the air from the waste incineration plants are measured 24 hours a day, and actions are initiated in accordance with procedures and emergency response plans if the threshold values defined by the emission permits are exceeded.

Hafslund's sustainability policy[53] is operationalised through procedures that have been implemented:

- Waste management
- Use, storage and disposal of chemicals
- Actions in the event of excess emissions into the air
- Environmental monitoring programme for discharge into the wastewater network
- Delivery and filling of chemicals during operations
- Measuring programmes for controlling emissions from heating plants

Among other things, the procedures describe how pollution is to be prevented and what actions should be initiated in the event of excess emissions or risk of excess emissions, inadequate emission measurements/failure of automatic systems for measuring emissions into the air, and requirements for technical protective measures when unloading chemicals and preventing chemical emissions.

Measurement and environmental monitoring programmes have been established that describe how to comply with emissions permits and regulations, and requirements have been established for following up measuring equipment for monitoring emissions into the air. These also describe requirements for discrepancy management, reporting and notification of incidents.

Hafslund sets requirements for suppliers through the ethical guidelines and requirements for suppliers that relate to pollution. Hafslund expects suppliers to:

- Counteract pollution that negatively impacts the climate and damages marine ecosystems, and soil degradation caused by the use of chemicals.
- Take care to ensure that the production site is not damaged by unnecessary pollution, and that modern and efficient technology that minimises emissions is selected.
- Employ the precautionary principle to implement measures to continuously minimise emissions, as well as the use of harmful chemicals and pesticides.
- Comply with relevant environmental laws and regulations, obtain emission permits and manage harmful chemicals and other substances in a responsible manner.

Actions and resources for managing material IROs (E2-2)

Several continuous actions have been initiated to minimise the risk of emissions exceeding the defined emission limits. This includes visualising emissions on screen. There is 24/7 staffing in control rooms to rapidly detect any excess emissions, as well as preventive maintenance that is an integrated part of the operation of the facilities. In the event of incidents or excess emissions, discrepancies are recorded in accordance with procedures. Risk analyses focussing on the external environment are also

[53] *Reference is made to the introductory chapter Environment.*

carried out to identify potential undesirable incidents, and emergency response plans have been established, including documented annual emergency response exercises with emissions into the external environment as the topic.

Emissions into the air

Treatment facilities have been installed at the waste incineration plants in order to limit emissions into the air. To avoid failures in the treatment system, emphasis is placed on the supervision and maintenance of important components in the treatment process. Smoke density readers have been installed to prevent dust emissions.
An electrostatic precipitator has been installed at the Haraldrud wood powder boiler to reduce dust. NO_x and CO are reduced with the assistance of air management. At the start of the heating season, a third party performs air/fuel regulation for optimal incineration and low emissions.

Discharge to the wastewater network

Klemetsrud line 3 has a wet treatment system. After the electrostatic precipitator, the flue gas undergoes a cleaning process in a washing tower. The water treatment system purifies the acid water and removes heavy metals and suspended substances before discharge into the wastewater system.

Monitoring of emissions into the air and water

There are requirements at Hafslund's waste incineration plants to continuously monitor emissions of carbon monoxide (CO), total organic carbon (TOC), sulphur dioxide (SO_2), hydrochloric acid (HCl), hydrogen fluoride (HF), nitrogen oxides (NO_x), ammonia (NH_3) and total dust. The emissions are monitored 24/7 by control room personnel.

Monitoring of chemicals and hazardous waste

Filling of ammonia, fuels for boilers and collection of fly ash for disposal are monitored and followed up by control room personnel. Internal routines and procedures have been established to ensure that chemicals are properly stored using, among other things, collection tanks and detectors.

Regulations relating to the storage of chemicals are followed when storing chemicals. Hafslund has assessed environmental risks and, based on this, identified preventive measures and emergency response plans. Oil separators have been installed in areas with a risk of oil spillage. To avoid ash spillage into the wastewater network or streams, the use of a sweeper trucks for ash spills is part of internal routines.

Targets and metrics

Targets related to pollution (E2-3)

Targets for emissions into the air and water are mandatory and are regulated through emissions permits, Waste Regulations and Pollution Regulations, which in turn are based on the EU Industrial Emissions Directive. Hafslund's defined target for pollution is to operate within the defined emission limits. Emissions are within the defined limits for all components during normal operations.

Target: no excess emissions into the air, water or soil.

Pollution of air, water and soil (E2-4)

Reporting boundaries

The reporting of pollution of air, water and soil includes all of the companies that are consolidated into the financial reporting for Hafslund. This also includes additional power plants over which Hafslund has operational control, and in addition power plants beyond this where Hafslund has operational control. The Growth and investments business area has no emissions into the air, water or soil and is therefore not part of the reporting process.

Emissions into the air - District heating

Hafslund's district heating business produces emissions into the air from the incineration process. Emissions are reported to the Norwegian Environment Agency, and the information is publicly available[54]. Current emission permits and regulations dictate which components will be measured at the different facilities. The district heating business measures emissions of substances in accordance with the European Pollutant Release and Transfer Register (E-PRTR) Regulation, Annex II, with varying frequency in accordance with the requirements in the Pollution Regulations and Waste Regulations.
In 2024, there have been emissions to air of nitrogen oxides (NOX) and ammonia (NH3) exceeding the applicable limit value as set out in Annex II to Regulation (EC) No 166/2006. The emissions of NOx or NH3 do not exceed the concentration limits in the emission permits and the Pollution and Waste Regulations.

District heating	Unit	Number of locations	2024	2023	2022
NOx (nitrogen oxides)[55]	Tonnes	12	253.5	325.0	310.0
NH3 (ammonia)[56]	Tonnes	4	9.2	16.0	18.0

The emission concentration per hour of operation of NO_x and NH_3 is relatively stable, which means that variations in concentration are largely related to the operating time at the waste incineration plants. Operating time is influenced by outside temperature, for example, a warmer winter season will result in lower emissions because of the reduced need for incineration due to lower demand for heating.

The district heating business performs continuous emission measurements of NO_x, NH_3, CO, TOC, HCl, SO_2, HF, as well as total dust and assistance parameters (oxygen, temperature, pressure, water) at all of the waste incineration plants. Emissions of NO_x, CO and total dust are also measured for the wood powder boiler. For continuous measurements, data is processed in accordance with the rules in Chapter 10 of the Waste Regulations and Chapter 31 of the Pollution Regulations, and concentrations and total emissions are reported based on the European standard EN 17255.

An independent third party conducts point measurements for all boilers with emissions of NO_x and NH_3 in accordance with the Waste Regulations, emission permits and Pollution Regulations. For smaller boilers, where external emission measurements are only carried out in accordance with requirements, for example once a year, emissions are calculated by multiplying emissions in kg/h by the number of operating hours. The measuring equipment is checked in accordance with standard NS 14181, and the measurements are accredited.

Reported data is retrieved from the district heating business' management system and emissions reports are obtained from independent third parties.

Emissions into water – District heating

The district heating business has emissions into the wastewater network from the treatment plant at Klemetsrud. Hafslund's emissions into water are regulated through the emission permit from the Norwegian Environment Agency and the discharge permit from the City of Oslo Agency for Water and Wastewater Services. The emission components are analysed by an accredited laboratory based on water samples sent from the facility.
In 2024, none of the emissions into water exceeded the applicable threshold value stipulated in Annex II to Regulation (EC) No. 166/2006.

[54] *Full details of all emissions reported to the Norwegian Environment Agency are publicly available at https://www.norskeutslipp.no/*
[55] *NO_x is measured at all locations.*
[56] *NH_3 is measured at locations where there are NO_x treatment plants and where emissions of NH_3 are thereby applicable. This applies to the waste incineration plants.*

Incidents of excess emissions and acute emissions into the air and water – District heating

Emissions into the air and water are regulated through Best Available Techniques (BAT) conclusions and emission limits. Under normal conditions, Hafslund's incineration plants operate within emission limits and have an environmental performance level equivalent to Best Available Technique (BAT-AEL). This includes the following facilities:

- Klemetsrud (BAT: Waste)
- Haraldrud (BAT: Waste and BAT: Large Combustion Plant)
- Rodeløkka (BAT: Large Combustion Plant)
- Hoff (BAT: Large Combustion Plant)

Excess emissions into the air are short-term events in which emissions into the air exceed established emission limits and are often caused by operational problems. All excess emissions are registered in the control and discrepancy system, and reported data is retrieved from this system.

There were 241[57] cases of excess emissions into the air and water in 2024. This was a reduction from 334 cases in 2023. The consequences of these emissions were very small or small. All incidents are handled in accordance with the procedure for excess emissions per location. Most of the excess emissions reported are short-term exceedances of CO (hourly/half-hourly)[58] which occur especially when firing boilers after summer overhaul as there may be a need for adjustment to correct temperatures and excess air. Continuous work is being done to reduce excess emissions to air and water. In the event of a risk of excess emissions and short-term excess emissions, procedures are followed for this. All excess emission incidents in 2024 have been handled in accordance with the procedure for excess emissions per location.

External audits were carried out at two locations in 2024. Hafslund was not charged environmental fees in 2024.

District heating	Unit	2024	2023
Excess emissions to air and water with very little or little consequence[59]	Number	241	334
Excess emissions to air and water with medium or severe consequences[60]	Number	0	0
Locations where external audits have been carried out	Number	2	3
Environmental fees	Number	0	0

Emissions into the soil and water - Power production

The power business may experience emissions of oil into the soil and water in the event of leaks or accidents, for example, maintenance work or construction of new facilities.

These types of emissions are limited in terms of their number and scope, and procedures for actions and follow-up are incorporated into operations. All oil emissions are registered in the power business' quality system, and an impact assessment is carried out for each incident. Acute incidents related to environmental emissions are handled in accordance with Hafslund's emergency response plan. Notification to the pollution authority and assessment of any actions in the event of acute incidents are handled by the emergency response organisation.

In 2024, Hafslund had four incidents involving emissions of oil into the water from the power business, which was an increase from two incidents in 2023. The quantity of emissions varies from approximately 0.5 to 5 litres. Three incidents of oil emissions were also recorded, however it is unclear as to whether these emissions were into the soil or water. In all of these incidents, the need for immediate action was assessed and further initiated to reduce damage to the external environment. The emissions were caused by leaks from oil pressure systems at dams and power plants or from oil-filled turbine bearings.

[57] *Refers to CO, TOC, SO_2, Hg, dust, HCl, Sb, Cd and oil C10-C40 from oil separator.*
[58] *191 of the 241 excess emissions in 2024 were CO from the commercial waste boiler at Haraldrud, where there is an hourly limit.*
[59] *Definition of consequences: Very small = minor environmental damage, etc., not detectable, Small = minor environmental damage, etc. with recovery time < 1 week.*
[60] *Definition of consequences: Medium = environmental damage etc. with recovery time < 1 year, Severe = significant environmental damage with recovery time > 1 year.*

Reported data is obtained from the power business' quality system.

Power production	Unit	2024	2023
Incidents with emissions to soil/ground	Number	4	2

Microplastic – Power production

Hafslund acquired 100 per cent of the shares in Tonstad Vindkraft AS on 1 July 2024. When the wind turbines are in operation, the blades are exposed to wear and tear, which causes small particles of the composite material to break loose. These are classified as microplastics. Estimates from NVE[61] show that turbines used in Norway release 150-200g of microplastics per year. Tonstad wind farm has 51 wind turbines.

Hafslund previously had a 20 per cent ownership stake in the Raskiftet and Kjølberget wind farms, which have a total of 44 wind turbines.

Substances that give rise to concern and substances that give rise to very high concern (E2-5)

Hafslund registers and manages information pertaining to chemicals at the heating plants and its building and construction areas in both the district heating and power businesses. Before new chemicals are purchased, a substitution assessment is carried out, which is a check of whether other environmentally friendly alternatives can be used. Hazardous chemicals that are on the authorisation[62], candidate and priority lists are considered for substitution as part of the chemical risk assessment.

Hafslund only has immaterial quantities of substances on the candidate list (substances that give rise to concern and very high concern).

[61] *Knowledge of the effects of onshore wind power: Pollution - NVE.*
[62] *Chemicals on the authorisation list may not be used or marketed without special authorisation from the European Chemicals Agency (ECHA). Applications for approval must be submitted by specific deadlines. Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) is the European chemical regulation that requires importers or manufacturers to document chemical properties prior to import or manufacture and includes guidelines for risk assessments. Chemicals on the REACH candidate list are substances that provide strong grounds for concern for health and/or the environment, and can be included on the Norwegian candidate list.*

E4 Biodiversity and ecosystems

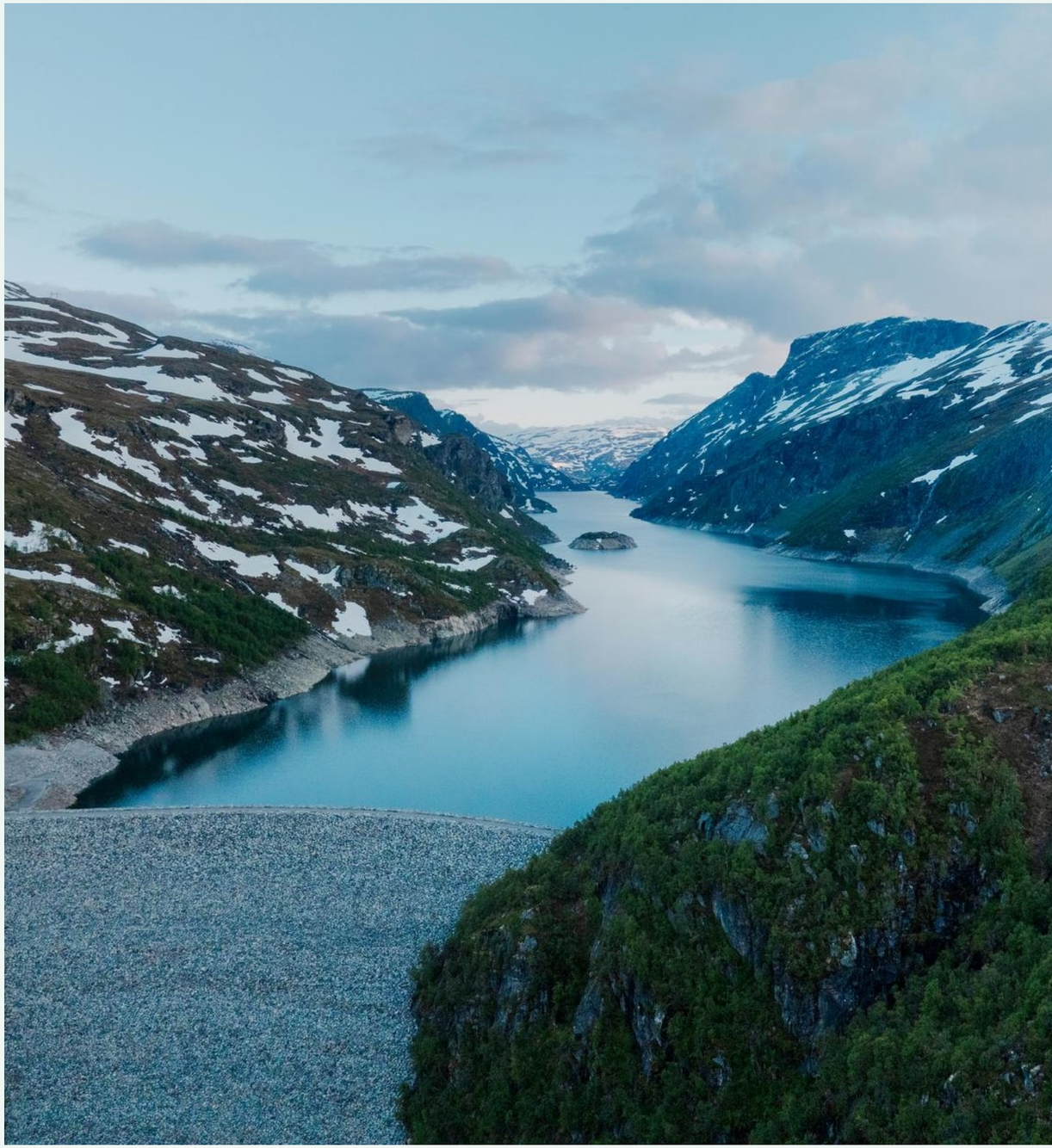
Strategy

Why biodiversity and ecosystems is a material topic for Hafslund (SBM-3)

As Norway's second largest renewable energy group, Hafslund relies on natural resources such as wind and water to produce renewable energy. Hafslund directly impacts biodiversity and ecosystems through land use changes and in freshwater areas. Hafslund's activities also have an indirect impact on nature through the procurement of equipment for power plants and the distribution of electricity.

The production of input factors such as steel and concrete also contributes to other global drivers of nature loss: GHG emissions, resource use, the spread of invasive species, and air and water pollution.

Changes in framework conditions through new regulations can reduce access to land, materials and other natural resources for both power and grid development. Stricter conditions may result in measures that make projects more expensive. At the same time, if the framework conditions for the impact on nature are not adapted to national and international nature targets, distrust may arise among the population, which could reduce acceptance of new renewable energy. Unpredictable framework conditions reduce the ability to follow a long-term strategy for biodiversity and ecosystems.



Value chain (excluding the district heating business)	**Upstream value chain**				**Own operations**				**Downstream value chain**	
Hafslund's degree of influence	Via procurement				Operational control				Via ownership	None
Value chain activity	Production of input factors				Development and construction of power plants	Operation of power plants			Transmission/Distribution of power	
Business activity	Extraction of raw materials	Refining/ processing of raw materials	Manufacturing of components and equipment	Building and construction work	Development or acquisition of power plants	Hydropower plants (reservoir, pump and run-of-river power plants)	Wind power plants (onshore wind power)	Solar power plants (ground-mounted photovoltaic system)	Construction and operation of power grid: regional & distribution network	Construction and operation of power grids: transmission grid (main grid)

The figure illustrates Hafslund's value chain, including upstream value chain, own operations and downstream value chain, with regard to renewable energy production, which is considered to potentially have a significant impact on biodiversity and ecosystems. Based on the LEAP (Locate, Evaluate, Assess and Prepare) method from the Taskforce on Nature-Related Financial Disclosures (TNFD), an assessment has been made of how Hafslund's business activities throughout the value chain may impact or be dependent on biodiversity and ecosystems.

Impacts

Own operations - Development, construction and operation of power plants

At locations where Hafslund has operational control, the most significant impacts on nature arise from the development of hydro, wind and solar power plants, together with their associated land and resource requirements.

Hydropower production involves damming land areas and diverting river flows, which can affect river ecosystems. In reservoirs, fluctuating water levels over time can wash away nutrients in the regulated zones, potentially reducing the production of benthic organisms and fish. Lower water levels can also affect fish populations by drying out spawning grounds for autumn-spawning species during winter, or by making spring-spawning areas inaccessible due to low water levels. In regulated rivers, reduced flow and altered dynamics can shrink the areas covered by water and lead to habitat loss for both fish and benthic fauna. The absence of natural flood events can also degrade habitat quality over time.

Hydropower plants and dams often act as migration barriers, fragmenting aquatic habitats and limiting fish access to key spawning and feeding areas.

Land is also needed for temporary construction activities such as staging areas, access roads, and material storage. These interventions can degrade and fragment habitats used by various species. Construction work may also introduce fine sediments into nearby watercourses, which can harm local flora and fauna. Additionally, the movement of machinery and materials between sites can facilitate the spread of invasive species, especially if equipment is not cleaned properly between uses. Over its lifetime, a power plant occupies land and water areas, both directly and indirectly.

Wind power plants can fragment terrestrial habitats and alter conditions for wildlife in the surrounding area. The rotating blades of wind turbines also pose a collision risk to flying species such as birds and bats.

Solar power plants require land throughout their operational lifetime, which can degrade habitats for local species. The reflective surfaces of solar panels can pose a collision risk to birds and bats.

Overall, power development can lead to habitat loss, degradation and fragmentation, displace local species, and alter ecosystem functions.

Upstream value chain - Raw material extraction and production
The greatest upstream impacts, related to purchased goods and services, stem from the extraction of raw materials. This process can cause habitat fragmentation and degradation. Manufacturing can also lead to pollution of air, soil or water, which may negatively affect surrounding ecosystems and habitats.

Downstream value chain - Transmission/distribution of electricity and transport and storage of CO_2
Hafslund also indirectly affects nature through electricity distribution, where the main impact is related to land use change. Hafslund can indirectly impact such land use changes through its ownership in Eidsiva Energi, which in turn owns Elvia, which builds and operates regional and distribution grids.

In the carbon capture project at the Klemetsrud waste incineration plant, Hafslund depends on the transport and storage of captured CO_2. Constructing this infrastructure will involve land encroachment, and assessing nature impacts and identifying mitigation measures are key parts of the planning process.

Dependencies

Hafslund's Dependencies on Ecosystem Services
The key ecosystem services that Hafslund's renewable energy production depends on include access to water, wind, and sunlight. In addition, power plants depend on natural systems for flood and storm protection, including the regulation of water flows via floodplains, vegetation, and wetlands, which help safeguard infrastructure from extreme weather damage. Erosion control is also crucial for maintaining stable ground conditions and preventing landslides or other major disturbances. As extreme weather events become more frequent and severe, the regulation of climate systems becomes increasingly important to protect infrastructure and ensure operational stability for Hafslund.

Overview of material sites
Hafslund has identified locations where the Group has facilities under its operational control that are in or near biodiversity sensitive areas. These areas are considered material because they overlap with important forms of protection or the presence of vulnerable species. This includes wetland areas that can be impacted by hydropower activity or important functional areas for wild reindeer. Seven Key Biodiversity Areas (KBAs)[63] have been identified in or near Hafslund's power plants. These areas are considered particularly important for the preservation of biodiversity and are therefore specifically highlighted in the list.

[63] *Key Biodiversity Areas (KBAs) are geographic areas identified as being of particular importance for preserving biodiversity. These areas are crucial for maintaining ecosystems and species that are endangered or of significant ecological importance. KBAs are identified using global standardised criteria developed by the International Union for Conservation of Nature (IUCN) in collaboration with scientists, conservation groups and governments worldwide.*

	Material sites			Protected areas			Species	
	Watercourse/Project area	*Number of production sites**	*Area (in ha)*	*Type of protection*	*Key Biodiversity Area (KBA)*	*Overlap (in ha)*	*Number of endangered species observed (CR, EN and VU)*	*Examples*
Hydropower	Gudbrandsdalslågen	25	68,560	Wildlife conservation area	Vorma	770	CR: 11 EN: 47 VU: 83	Freshwater pearl mussel (VU) Scandinavian violet widow (VU)
				Nature Reserve	Åkersvika	300		
				Important functional area for wild reindeer		2,000		
				Nature Reserve		1,950		
	Hallingdal and Valdres	15	31,350	Important functional area for wild reindeer		7,500	CR: 4 EN: 26 VU: 45	Northern lapwing (CR)
				National Park	Hardangervidda	Near		
				Landscape Protection Area		210		
	Glomma	16	28,490	National Park	Dovrefjell	Near	CR: 7 EN: 25 VU: 38	Cicindela maritima (EN)
				Important functional area for wild reindeer		3,680		
				Nature Reserve		120		
	Nedre Glomma	9	13,780	Nature Reserve	Nordre Øyeren	5,430	CR: 7 EN: 30 VU: 50	European crayfish (EN) Eel (EN)
				Nature Reserve		370		
				Nature Reserve	Sørumsneset	Near		
	Aurland and Erdal	8	5,340	Important functional area for wild reindeer		4,900	CR: 1 EN: 5 VU: 6	Wolverine (EN)
	Dokka	3	1,150	Nature Reserve	Dokka Delta	10	CR: 1 EN: 5 VU: 9	Freshwater Pearl Mussel (VU) Witches cauldron (EN)
				Nature Reserve		30		

The list of Hafslund's material sites is based on a mapping of operational assets and areas to some extent impacted by those assets. The list includes facilities (based on power plant names) that Hafslund has operational control of within watercourses and project areas. Criteria used to define biodiversity sensitive areas include: protected areas under Chapter V of the Norwegian Nature Diversity Act; species of national conservation interest, including endangered species listed in the Norwegian Red List; selected habitat types; and key functional areas for wild reindeer. Information on these important locations is sourced from publicly available databases, such as the Norwegian Environment Agency's Naturbase and the Norwegian Biodiversity Information Centre's species map (Artskart)

Managing impacts, risks and opportunities

Protection of biodiversity and ecosystems in strategy and business model (E4-1)

Hafslund recognises that loss of nature is an equally serious challenge to the world as man-made climate change. Developing, building and operating renewable energy requires land and impacts biodiversity and ecosystems. The Group therefore has the strategic goal of limiting nature loss from new projects and improving the state of the ecosystem in the existing portfolio (see Targets related to biodiversity and ecosystems).

Hafslund conducts risk and vulnerability analyses (RVA) of facilities which assess concerns relating to the external environment, including conditions in the watercourses. It is analysed as to whether knowledge, measures and monitoring of nature comply with the Group's obligations. Hafslund's long history with hydropower has provided extensive experience in protecting biodiversity. Environmental impact assessments are carried out systematically and form the basis for identifying appropriate mitigation measures. Engaging in stakeholder dialogue, with local communities, public authorities, civil society and research institutions, is an integrated part of Hafslund's project development process.

Policies related to biodiversity and ecosystems (E4-2)

Hafslund's policies address key drivers of biodiversity loss, including land use change, pollution, and invasive species. The assessment of the impact on species, ecosystems and ecosystem services is based on the Group's 2024 nature mapping. Biodiversity and ecosystem considerations are also safeguarded through impact assessments and relevant legal frameworks, including the Nature Diversity Act, the Watercourse Regulation Act, the Pollution Control Act, and the Planning and Building Act. Physical risks to nature are addressed through compliance with the Dam Safety Regulations. These regulations assess whether facility construction could harm surrounding areas or expose the facility to natural hazards. Social impacts related to biodiversity and ecosystems are addressed in the chapters S2 Workers in the value chain and S3 Affected communities.

Hafslund's sustainability policy[64] outlines the Group's principles for protecting biodiversity and ecosystems in own operations and through the impact caused by Hafslund. There are ethical guidelines and requirements for suppliers in which Hafslund expects suppliers to:

- Counteract loss of biodiversity and long-term harm to ecosystems.
- Refrain from exploiting the local community at the production site.
- Employ the precautionary principle to ensure sustainable extraction of resources and management of water, seas, forests and land, and the preservation of biodiversity.

The power production division has a policy on watercourse management and the external environment, which forms the foundation for its efforts toward sustainable water resource management. The policy emphasises environmental protection, safety, and responsible power generation. Policies and legal compliance are operationalised through internal routines, templates, and procedures, as well as directives from relevant government authorities. Some of the most important of these that are linked to biodiversity and ecosystems for the power production division include:

- Guidelines for environmental supervision of watercourse facilities and measures to be employed when the power company is the owner or operator.
- Release orders for fish (related to selected facilities).
- Routine for preventing the spread of invasive species and infection between watercourses.

[64] *See the introduction to the section entitled Environment.*

Procedures that protect the external environment in new projects:

- The primary document for internal control describes how Hafslund Kraft undertakes responsibility for the external environment.
- Concept phase: Assessment of environmental challenges and licences using own template.
- Planning phase: Environmental assessments and preparation of detailed plan for environment and landscape and environmental monitoring plan.
- Execution phase: The project manager obtains licences and follows up environmental requirements.
- Concluding phase: Final report using template from the Norwegian Water Resources and Energy Directorate (NVE) and environmental report must be prepared for the operating phase.

Biodiversity protection integrated into the Project Model for the growth business

In 2023 and 2024, Hafslund had several solar and onshore wind projects in various phases of development. In 2024, Hafslund developed a set of principles and a common methodology to ensure that consideration of sustainability, including biodiversity and ecosystems are made in the early stages of development. The result of the work, including screening criteria for the selection of project areas, will provide guidance for the work on solar and onshore wind projects in 2025. This will form the basis for achieving the Group's targets related to biodiversity and ecosystems.

Transition plan on biodiversity and ecosystems (E4-1)

Since autumn 2023, Hafslund has been working on a transition plan on biodiversity for the entire Group, hereafter referred to as the "Nature Action Plan". This plan was adopted in 2024. The Nature Action Plan consists of four work areas for strategic measures and development projects across the Group. The purpose of the plan is to align measures and management with Hafslund's ambitions regarding nature and associated targets. For example, this could involve establishing a common biodiversity accounting method, internal processes and data quality requirements across the Group. The Nature Action Plan includes work on the existing production portfolio and the development of new renewable energy production. The plan has been adopted by the Group management team.

For 2024, emphasis was placed on the following work areas:

- **Portfolio management**: Nature risk mapping of Hafslund's asset portfolio to address material impacts, risks and opportunities.
- **Biodiversity accounting**: Capacity building in calculating and documenting nature losses and gains throughout the entire project life cycle.
- **Database of mitigating actions:** Knowledge gathering and systematisation of operational nature-related measures in Hafslund's own production portfolio, as well as for energy technologies in the project portfolio.
- **Policy instruments** and compliance: Integrating considerations regarding nature into internal processes, governance and reporting structure.

In 2025, implementation of the Nature Action Plan will continue through the development of plans for strategic and operational measures across project development and operations.

Actions and resources related to biodiversity and ecosystems (E4-3)

New and existing operational measures

Hafslund is continuously working to reduce the environmental pressure its activities place on nature. The mitigation hierarchy forms the basis for Hafslund's development of new projects, as well as for construction and

installation work. Measures to avoid, reduce, and restore impacts on nature are to be considered as part of the project development process. Hafslund works systematically to improve conditions for biodiversity in connection with the power plants in its portfolio. The Group directly or indirectly owns more than 80 power plants, the majority of which are hydropower facilities that have been in operation for up to 100 years. Each power plant area has a dedicated environmental officer who continuously assesses the condition of the watercourse and identifies necessary measures. In 2024, Hafslund implemented nature improvement measures related to both water level reduction in dammed areas and reduced water flow and migration barriers in regulated rivers. Voluntary environmental flow and nature-based flow regimes are being introduced in several watercourses to adjust water levels according to the needs of local species throughout the year.

Each year, both digital and field-based ecological surveys are carried out to build knowledge and plan actions aimed at improving environmental conditions in watercourses. Several power plants also use AI-based monitoring systems as part of these efforts.

Environmental measures in reservoirs and regulated rivers often fall under the category of functional restoration. These include actions that improve fish migration upstream and downstream past river power plants. For instance, upgrading a fish ladder may not directly enhance habitat area, but it aims to restore fish species' ability to move between functionally important areas such as spawning, feeding, and overwintering habitats.

The high proportion of functional restoration measures explains why the reported direct area improvements in 2024 are relatively limited. However, these measures help make large areas accessible to aquatic species, thereby improving the overall environmental condition of those areas.

One example of functional restoration in 2024 is the placement of spawning gravel for trout in inlet streams and rivers connected to regulated reservoirs. These interventions are typically carried out in small, targeted areas but are designed to strengthen trout populations throughout all or parts of the reservoir.

In 2024, measures were also implemented to improve habitats that support increased production of fish and benthic invertebrates. In a channelized tributary stream flowing into the Fundin reservoir, stone clusters were placed in collaboration with Folldal Fjellstyre to enhance habitat variation and improve conditions and survival rates for juvenile trout. Although the stream itself is not directly affected by regulation, the measure is considered a compensatory action for fish populations.

Before (left) and after (right) rock laying in the upper parts of the project area.

Another example of habitat improvement is stone placement in the regulation zone at Savalen (see photo below). Very few biotope measures have been implemented in regulated reservoirs, making this a pioneering effort. The intervention addresses the loss of cover for fish when water

levels drop during winter, which leaves juvenile trout more exposed to predators. Preliminary results show higher trout density in the intervention area compared to similar control sites.

Although the stone placement in both the Fundin tributary and the Savalen shoreline represents direct habitat improvements, their effects are likely to benefit fish populations and environmental conditions well beyond the immediate areas.

The image shows rock laying in the regulating zone in Savalen

In its construction activities, Hafslund strives to minimise land use impacts through careful design and planning. Upon completion, there is a strong focus on restoring areas that have been temporarily affected. A practical example of this approach is the reconstruction of the Flatsjø dam in Hemsedal in 2024.

The total approved intervention area for the project was approximately 5,000 m². All temporary land use changes were restored and revegetated after construction. During the operational phase, permanent land use will include the dam with support walls, a gatehouse, and a small parking area, in addition to the intake reservoir and a river section with reduced flow leading to the outlet of the Brekkefoss power plant.

Before construction began, a mapping of biodiversity features within the intervention area was carried out. Additional project-specific assessments were conducted on local fish populations and birdlife. A dedicated evaluation was also made regarding potential impacts on ivory lichen (Cetrelia cetrarioides)—a nationally prioritised and critically endangered species (EN)—previously recorded near the dam.

Construction work at Flatsjø dam. The image shows the land use during the construction phase. Temporary areas will be restored upon completion.

Hafslund's goal of no net loss of biodiversity in its portfolio also applies to new solar and wind power projects. In 2024, the company applied a natural capital accounting method to its partly owned wind farms at Kjølberget and Raskiftet to gain insights on how it can be used in future project planning. During construction, floating roads were used to cross peatlands—helping to maintain peatland function, reduce ecosystem fragmentation, and limit impacts on local species. Combined with other measures, such as strategic placement of access roads and wind turbines, this provided valuable learning for the development of future projects.

In 2024, Hafslund collaborated with the Norwegian University of Life Sciences (NMBU) to explore co-use of land for solar energy and agriculture. This approach could help limit new land use impacts while enabling the expansion of renewable energy. If research results show benefits for both agriculture and energy production, it could support increased co-location of land use.

Hafslund also developed a pilot project in 2024 together with the Norwegian Public Roads Administration (Statens Vegvesen) for the construction of a solar power facility along the E18 highway in Stokke. The experience gained from this project will be valuable for Hafslund's efforts to develop renewable energy on grey (previously developed or low-value) land.

Results of operational measures

For many years, Hafslund has implemented measures to preserve and enhance biodiversity around its energy infrastructure. These include both strategic initiatives and operational actions, often carried out in collaboration with research institutions and with particular focus on the watercourses in which Hafslund operates. The measures vary in duration, scale, scope, and impact, but collectively contribute to increased knowledge and better alignment of energy production with ecosystem needs.

The table below provides an overview of operational measures implemented in 2024, as well as ongoing initiatives in the portfolio that span multiple years.

Operational measures

New nature initiatives and environmental studies	**Unit**	**2024**
Funds allocated during the reporting year	NOK	4,569,800
Biotope initiatives	Number	5
New restoration	km2	0,0012
Environmental studies, including assessments	Number	19
Multi-year operational measures		
Fish migration measures	Number	33
Fish migration with monitoring	Number	800
Fish ladders	Number	20
Fish passage	Number	12
Voluntary environmental flow	km2	47.72
Voluntary increased rate of flow due to water transfer	km2	9.57
Equalised rate of flow	km2	296.71
Area restored/under restoration (aquatic)	km2	0.0081

Strategic initiatives

Nature risk mapping / LEAP analysis

In 2024, Hafslund conducted detailed land mapping down to the object level for all locations under its operational control, as well as for surrounding areas that are affected to varying degrees by its activities—primarily lakes and rivers. Overlapping nature values (including species observations and protected areas) and ecosystem condition data were identified to map Hafslund's interface with nature and assess baseline to track progress against biodiversity targets (see Targets related to biodiversity and ecosystems).

Launch of the Nature and Environmental Action Plan for the hydropower business

The 2024 nature risk mapping exercise provided the foundation for developing nature action plans for Hafslund's hydropower operations.

These plans are intended as a management tool to help prioritise measures that will improve environmental conditions across the portfolio. The plans will also include an assessment of areas suitable for ecological restoration.

Piloting project-level biodiversity accounting in wind power plants
In 2024, Hafslund carried out a pilot project applying biodiversity accounting at the Raskiftet and Kjølberget wind farms, where the Group holds a 20 per cent ownership stake. In collaboration with DNV, a tool was developed to assess and document biodiversity impacts and related measures. The methodology is intended for use in the planning and development of future projects.

Research and development
In 2024, Hafslund participated in seven research initiatives, including the newly launched Oppdrag Mjøsa. The aim of these projects is to balance energy production with the preservation of biodiversity and ecosystem services. Through participation in HydroCen, FunkyFish, DeGas, LakES, VisAviS, and Oppdrag Mjøsa, Hafslund contributes to the development of technologies and methods that reduce the environmental footprint of energy operations.

The table below summarises the strategic initiatives related to research and knowledge development carried out in 2024:

Strategic initiatives

Research and knowledge development	Unit	2024
Participation in R&D projects	Number	8
Funds allocated to the R&D projects during the reporting year	NOK	4,674,800

Industry and cross-sector collaboration
Development of Project-Level Biodiversity Accounting Methodology
In 2024, Hafslund participated in the development of a methodology for project-based biodiversity accounting in collaboration with other actors in the energy sector, supported by a reference group consisting of representatives from public authorities and environmental organisations. The methodology was developed by expert consultancies and tailored to Norwegian regulatory frameworks and nature classification systems. The work was coordinated by Fornybar Norge. The methodology is publicly available and will undergo a test phase in 2025, including pilot projects and stakeholder feedback.

Metrics and targets

Targets related to biodiversity and ecosystems (E4-4)

Contributing to nature-positivity is a strategic priority embedded in Hafslund Group's overarching strategy and governance documents. This ambition aims to manage existing facilities and develop new renewable energy and infrastructure in a way that results in a net positive impact on biodiversity across the portfolio—measured against a 2023 baseline. Since 2023, the Group has been working towards two strategic biodiversity goals, covering both the existing power plant portfolio and the development of new projects. These goals are aligned with the steps of the mitigation hierarchy: avoid, minimise, and restore.

In 2024, Hafslund operationalised these goals by defining the baseline and establishing a methodology for measurement. Biodiversity accounting will be applied to quantify losses and gains in new projects. For the existing portfolio, development is measured based on classification of ecological condition and potential in the national Vann-nett database[65], which is built around ecological thresholds. At present, biodiversity offsetting and the full mitigation hierarchy are not used in the definition of the targets.

Measuring the effects of biodiversity measures is not straight forward, requiring further knowledge development. Key challenges include linking impacts to ecosystem condition, the slow and variable nature of ecological recovery, and the fact that most areas influenced by Hafslund

[65] *The Vann-Nett portfolio provides information about the aquatic environmental status for over 30,000 water bodies in Norwegian watercourses. Guide 02:2018 (Panel of Government Agencies for the Implementation of the Water Regulation, 2018).*

are also affected by other actors and sectors. Hafslund is therefore investing in knowledge development and experience-sharing to build a robust performance management system for biodiversity. Nature and environmental action plans are being developed at the operational level to define measurable and time-bound improvement targets and indicators for the asset portfolio.

Strategic ambition	**Quantifiably improve the conditions for biodiversity in comparison to the 2023 level in the existing portfolio of facilities.**		**Develop new energy projects that shall have no net loss of biodiversity from 2030 onwards.**
Scope	Facilities in power plant portfolio	Acquired production facilities	Large-scale production facility developed by Hafslund
Unit of measure	**Condition in impacted areas:** • Area (lakes) and ecological potential or ecological condition • Length (rivers) and ecological potential or ecological condition • Area (terrestrial areas) and ecological condition		**Nature points:** Unit of measurement based on the method used for project-based natural capital accounting* *Varies per technology, method for calculating nature points to be tested in 2025
Baseline			
Geographical demarcation	Natural area directly impacted by Hafslund's power plant.		Project area
Time (From)	2023	The year the transaction is carried out	Investment decision
Target			
Value	Not defined	Not defined	No net loss
Time (within)	Not defined	Not defined	During the lifetime of the project

Impact metrics related to biodiversity and ecosystems (E4-5)

Reporting boundaries

The assessment and reporting of relevant metrics of biodiversity and ecosystems include areas where Hafslund has business activities over which it has operational control. Hafslund also has financial control over Tonstad Vindkraft AS, but is not included as an operator. The associated companies that operate Raskiftet and Kjølberget wind power plants are also included. The reporting does not include hydropower plants with jointly controlled operating arrangements or joint operations over which Hafslund does not have operational control. This applies to 9 hydropower plants.

Relevant categories identified and reported by Hafslund include land use, proximity to biodiversity-sensitive areas, species status, and ecosystem condition. Indicators are calculated based on areas considered to be impacted by Hafslund's operations. Rather than using point-based assessments with buffer zones, the analysis is based on stretches of rivers affected to varying degrees by changes in flow rate and water regulation.

For freshwater-related land use, the assessment includes regulated reservoirs, rivers with altered flow regimes, and open water channels. For rivers and reservoirs, the area is assessed without applying buffer zones. For land-based infrastructure - including buildings, roads, landfills, soil extraction sites, and other facility-related structures - buffer zones of 10 to 50 metres are applied, depending on the type of infrastructure.

Data is sourced from Hafslund's internal facilities database, the NVE Atlas, the Joint Geospatial Database (FKB), and, in select cases, manual designation based on aerial imagery.

These areas define the geographical scope for Hafslund's land use and form the foundation for its nature risk mapping. The mapped boundaries

are used to identify biodiversity-sensitive areas in and around operational zones, in line with CSRD and ESRS E4 criteria. As a result, protected areas and endangered species located within or directly adjacent to the defined buffer zones are included in the analysis.

All reported data is based on the results of Hafslund's nature risk mapping.

Impacted area

Hafslund's business activities directly and indirectly impact bodies of water and areas of land (see the description of these impacts earlier in the chapter). The table shows the distribution of these areas, broken down into object categories. Changes in land use will be reported over time, starting from the year after the first reporting year (baseline year), which is 2024.

Land use	Unit	2024
Aquatic land use, total	Hectares (ha)	**150,986**
River with altered rate of flow	Proportion	24 %
Regulating reservoirs	Proportion	76 %
Waterway	Proportion	0 %
Terrestrial land use, total	Hectares (ha)	**6,686**
Onshore wind, plan area	Proportion	89.6 %
Dam	Proportion	1.1 %
Other constructions	Proportion	0.1 %
Landfill and soil extraction site	Proportion	3.7 %
Buildings	Proportion	0.2 %
Road	Proportion	1.7 %
Other affected area/other developed area	Proportion	0.8 %
Open waterway (buried in the pipeline)	Proportion	0.2 %
Grid facilities	Proportion	2.6 %

Locations in or near protected areas

Based on the impacted area, the table below shows the overlap with areas and the number of locations in or near protected areas. Protected areas include the following classifications: selected habitats (utvalgte naturtyper), key functional areas for wild reindeer, landscape protection areas, nature reserves, national parks, and other protected areas with various less commonly used forms of protection. Some of these protected areas have the status of Key Biodiversity Areas (KBAs). These are explicitly reported.

Areas Hafslund impacts that are "in or near" sensitive nature	Unit	2024
Number of affected waterways and project areas overlapping protected areas	Number	9
Area of affected waterways and project areas overlapping protected areas	Hectares (ha)	27,751
Number of affected waterways and project areas overlapping or near Key Biodiversity Areas (KBA)	Number	5
Area of affected waterways and project areas overlapping or near Key Biodiversity Areas (KBA)	Hectares (ha)	6,510

Species status

The following tables present threatened and invasive species observed within areas defined as being impacted by Hafslund's operations. The tables list distinct species distributed across multiple locations, categorised by threat level and spread risk. The data is based on the aggregation of nearly 50,000 species observations registered by the Norwegian Biodiversity Information Centre within areas classified as land use.

It is important to note that the species listed are not necessarily directly impacted by Hafslund's activities but represent biodiversity features present within areas of potential impact. Their inclusion supports the identification of exposure to biodiversity-related risks and dependencies.

Number of distinct endangered species	Critically endangered (CR)	Endangered (EN)	Vulnerable (VU)	Total
Aurland- og Erdalsvassdraget	1	5	6	**12**
Brødbølvassdraget	2	4	10	**16**
District heating business	0	0	0	**0**
Dokkavassdraget	1	5	9	**15**
Glommavassdraget	7	24	37	**68**
Gudbrandsdalslågen	11	47	83	**141**
Hallingdal og Valdres	4	26	45	**75**
Hammeren	5	5	15	**25**
Kjølberget	0	0	2	**2**
Nedre Glomma	7	30	49	**86**
Raskiftet	1	0	0	**1**
Sagefoss	0	1	0	**1**
Tonstad	0	0	2	**2**
Trysilvassdraget	0	0	0	**0**

Number of distinct invasive alien species	High risk (HI)	Potentially high risk (PH)	Very high risk (SE)	Total
Aurland- og Erdalsvassdraget	0	0	1	**1**
Brødbølvassdraget	1	0	0	**1**
District heating business	0	0	0	**0**
Dokkavassdraget	1	0	2	**3**
Glommavassdraget	2	0	11	**13**
Gudbrandsdalslågen	17	0	41	**58**
Hallingdal og Valdres	2	1	10	**13**
Hammeren	1	0	6	**7**
Kjølberget	0	0	0	**0**
Nedre Glomma	6	3	35	**44**
Raskiftet	0	0	0	**0**
Sagefoss	0	0	0	**0**
Tonstad	0	0	0	**0**
Trysilvassdraget	1	0	1	**2**

Ecosystem condition

The following tables present the ecological condition of water bodies identified as being impacted by Hafslund's hydropower operations. Terrestrial (land-based) areas are not included due to insufficient data availability.

Ecosystem condition is assessed in accordance with the classification system outlined in Appendix V: Classification and Monitoring of the Norwegian Water Regulations[66]. The assessment is based on current chemical and ecological status or, where applicable, the ecological potential of heavily modified water bodies.

The impacted water bodies are presented in two separate tables: one for rivers, measured by length (km), and one for lakes, measured by surface area (hectares).

[66] *Appendix V: Classification and Monitoring of the Norwegian Water Regulations*

Condition for rivers	Unit	2024
Total (length of rivers impacted by Hafslund)	Kilometer (km)	**1,352**
Very bad[67]	Proportion	3.5 %
Bad[68]	Proportion	12 %
Moderate[69]	Proportion	45 %
Good[70]	Proportion	39 %
Very good[71]	Proportion	0.5 %

Condition for lakes[72]	Unit	2024
Total (area of lakes and reservoirs impacted by Hafslund)	Hectares (ha)	**1,035**
Very bad	Proportion	— %
Bad	Proportion	1 %
Moderate	Proportion	17 %
Good	Proportion	82 %
Very good	Proportion	— %

[67] Serious changes, large parts of biological communities absent.
[68] Extensive changes, significant deviations from pristine condition.
[69] Moderate deviation from pristine conditions.
[70] Slightly altered by human activity, deviates slightly from pristine condition.
[71] Zero or negligible human-made changes.
[72] See footnotes 67 to 71 for description of condition categories.

E5 Resource use and circular economy

Strategy

Why resource use and circular economy is a material topic for Hafslund (SBM-3)

Two important principles for succeeding in the transition to a more circular economy are prioritising renewable resources and utilising local excess energy. This is at the core of Hafslund's business activities, which involve producing renewable energy through hydro, wind and solar, in addition to utilising local excess energy, which would otherwise have been lost, to produce district heating. The district heating helps to relieve the power grid and make electricity available for purposes other than heating.

Hafslund operates Norway's largest waste incineration plant and provides environmentally friendly final treatment of residual waste that cannot, must not or should not be reused or recycled. The waste heat from waste incineration forms the basis for Hafslund's district heating production. Energy utilisation is one of the steps in the waste hierarchy that Norwegian and European waste strategies are based on, and contributes towards the transition to a circular economy.

Hafslund's district heating business plays a key role in Oslo's energy system. District heating production involves circular energy sources being used as excess heat from waste incineration, data centres and sewage, including biofuels, which are renewable resources and/or by-products from other processes.

Hafslund processes between 350,000 and 400,000 tonnes of waste annually, and approximately 20 per cent of this is left as residual products in the form of bottom ash and fly ash from the waste incineration plants. Around 20 per cent of the ash is fly ash, which is hazardous waste that is deposited at Langøya. NOAH treats hazardous waste in a manner that is safe and protects people and the environment. Metals extracted from the bottom ash following incineration are further treated by other operators, who recycle these into new products.

Hafslund has identified several risks associated with the district heating business. Any changes to framework conditions, for example, the waste incineration tax, pose a risk to waste incineration plants that use waste incineration as a source of excess heat. The district heating business may also be impacted by disruptions in global supply chains that could become exacerbated if production and transport are affected by climate change (particularly physical climate risk such as acute climate events in the supply chain due to floods, droughts, forest fires, storms and the like).

Hafslund has also identified opportunities in the circular value chain. These particularly relate to seeking out new opportunities for utilising excess energy from waste incineration with CCS, data centres, sewage and the fjord, including final treatment of new types of waste. Other opportunities are linked to a "holistic thermal energy system" by offering both district

heating and district cooling, as well as recycling and extraction of metals and minerals from the resource outflows from waste incineration.

Managing impacts, risks and opportunities

Polices related to resource use and circular economy (E5-1)

The Group Sustainability Policy[73] sets principles for how Hafslund will contribute to the circular economy:

- Focus on environmental concerns in procurement processes.
- Strive for a high level of resource utilisation.
- Work to achieve increased energy efficiency and reduced waste in own business activities.
- Always consider the repair, reuse, and recycling of materials throughout the value chain in line with circular economic principles.

By applying these principles, the policy addresses both the transition from virgin[74] raw materials and the use of secondary resources, as well as sustainable procurement and cooperation with suppliers. Utilising energy from waste incineration also takes the waste hierarchy into consideration in Hafslund's business model.

Through the ethical guidelines and requirements for suppliers Hafslund expects suppliers to:

- Work to achieve safe and environmentally friendly waste management and phase out the use of non-renewable resources.
- Apply the precautionary principle in order to implement measures to ensure sustainable resource extraction.

Actions and resources related to resource use and circular economy (E5-2)

Hafslund uses local excess energy that would otherwise have been lost to produce waterborne district heating. It is primarily excess heat from data centres, sewage and waste incineration that is used.

Activities to further develop existing opportunities and to explore new opportunities in resource use and circular economy demonstrate the breadth of the actions that Hafslund has implemented and that are in the planning phase:

- Skygard, a company owned by Hafslund, Telenor and HitecVision, is building Norway's most energy-efficient and safest data centre. The intention is that the excess heat from the data centre will be supplied to Hafslund's district heating grid. 12,000 apartments in Oslo will be able to be heated with excess heat from the data centre.
- "Smart styring" (Smart Control) is a service that Hafslund plans to offer from the 2025/2026 heating season. The functionality provided by the service means that instead of regulating the substations based solely on the outdoor temperature, factors such as the indoor temperature in the building and weather forecasts are taken into consideration. Through smarter regulation of the heat supplied to buildings in the form of district heating, Smart Control can enable better resource utilisation and lower energy consumption.

Sustainability-certified biofuels[75] are used in the production of district heating. Hafslund purchases bio-oil/diesel that is ISSC-certified[76] and pellets that are SBP-certified[77]. The certifications ensure that biofuels which are purchased are sustainable and that there is traceability throughout the entire value chain. Among the common features of the certifications is that the product does not restrict food production nor

[73] *See introduction in Environment.*
[74] *Virgin raw materials are materials or substances that are extracted directly from nature to be used in the production of entirely new materials or products. The term is often used synonymously with primary raw materials.*
[75] *ISSC-certification and SBP-certification satisfy the requirements in the EU Directive on the promotion of the use of energy from renewable sources (RED II).*
[76] *https://www.iscc-system.org/*
[77] *https://sbp-cert.org/*

contribute to deforestation. The fuels must also not originate from areas with high carbon stocks and/or only originate from areas where the carbon mass is stable or increasing. The input factors must not come from areas that are, or have been, classified as primary forests, wetlands, marshes or other areas of high biological value.

- The cascade principle is the basis for SBP-certified products, which means that high-quality wood that could instead be used for products with a long lifespan is not used for producing energy.

In addition to the measures implemented by Hafslund's district heating business, Hafslund's power business has also implemented measures to contribute to circular resource use. Environmental plans are prepared for all projects and there are standardised environmental requirements in connection with the procurement of electromechanical equipment. The environmental requirements include requirements for source separation, reducing the quantity of waste, and documentation of waste management, including reuse. The decision-making basis for projects and operations includes regular assessments of whether to extend service life rather than replace, as well as options for reuse and repairs.

Targets and metrics

Targets related to resource use and circular economy (E5-3)

It is Hafslund's goal to further develop existing opportunities and explore new opportunities related to resource use and circular economy:

- Hafslund is actively working to facilitate increased use of local excess heat. Moving towards 2050, the utilisation of excess heat from sources such as data centres, waste incineration and sewage will make a significantly larger contribution to covering heating needs than it does at present.
- The district heating business will supply at least 50 per cent of Oslo's heating needs in 2050. Just under 30 per cent of these heating needs is covered at present. An important part of the initiative is to have framework conditions in place that make it profitable to convert fully electric buildings to waterborne heat.

The targets are linked to an ambition of making district heating even more circular.

Resource inflows and outflows (E5-4, E5-5)

Reporting boundaries

Hafslund produces power and ordinary operations do not involve the use of raw materials or other materials in the production of hydro and wind power. It is primarily the district heating business that uses material resources in its production. With the exception of the table for the Group's own waste production, the quantitative results in this chapter are from the district heating business.

Waste incineration

Hafslund has two waste incineration plants in Oslo, one at Klemetsrud and one at Haraldrud. In addition to treating waste that cannot or should not be reused or recycled, Hafslund utilises the excess heat from the waste incineration plants to produce district heating.

Waste inflow and support fuels

The table lists the waste inflow and support fuels associated with the waste incineration plants. Hafslund provides incineration services to waste holders. The quantity of waste treated shows how much waste is treated at the facilities. Data is based on direct measurements.

Resource inflows for waste incineration	2024	
	GWh	Tonnes
Quantity of waste treated	0	377,634
Fossil support fuels used	10	816
Renewable support fuels used	4	383

Resource outflows - Excess heat and electricity production

The table shows resource outflows from the waste incineration plants. The excess heat produced from waste incineration is supplied to the district heating grid. Klemetsrud also has a turbine that produces electricity from steam created by the waste incineration process. Data is based on direct measurements.

Resource outflows from waste incineration	Unit	2024
Electricity produced by turbine	GWh	149
Excess heat supplied to the district heating grid	GWh	830.425
Cooled heat	GWh	81

Production of district heating

Hafslund uses excess heat from data centres, sewage and waste incineration to produce district heating. This is local excess energy that would otherwise have been lost. Detachable electric boilers and sustainability-certified biofuels such as wood pellets and bio-oils are also used. A small proportion of fossil liquefied natural gas (LNG) is also used for purposes that include compliance with emergency response requirements for the district heating network.

Resource inflows in district heating production

The table provides an overview of resource inflows and key figures for Hafslund's district heating production in 2024. Data is based on direct measurements.

Resource inflows in district heating production	2024		Share of total district heating production 2024
	GWh	Tonnes	
Excess heat from incineration of sorted residual waste, including waste heat from the Agency for Waste Management	1,001	—	52 %
Detachable electric boilers	485	—	25 %
Ambient heat for heat pumps (sewage, data centre, water purification)	148	—	8 %
Electricity for heat pumps	63	—	3 %
Wood pellets	141	28,909	7 %
Bio-oil and biodiesel	66	6,413	3 %
LNG	28	2,037	1 %
Fossil heating oil	0	0	0 %
Total	**1,932**	**37,359**	**100 %**
Total inflows of biological material [78]	207	35,322	—
Biological material as a share of total district heating	11 %	—	—
Share of biological material in physical materials[79]	—	95 %	—
Firm power [80]	72	—	—
Heat produced from heat pumps based on excess heat from sewage, data centres and waste incineration	211	—	—

Resource outflows from district heating production

Resource outflows from district heating production are district heating supplied to customers. The table shows the number of GWh of district heating supplied to customers in 2024. Data is based on direct measurements.

Resource outflows from district heating production	Unit	2024
District heating supplied to the grid	GWh	1,917
District heating supplied to customers [81]	GWh	1,767

[78] *Biological material includes wood pellets, bio-oil and biodiesel.*
[79] *Physical materials are wood pellets, bio-oil and biodiesel, LNG and fossil fuel oil.*
[80] *Electricity for operation of facilities.*
[81] *The difference in the district heating supplied to the grid and district heating supplied to customers is due to heat loss.*

Waste

Waste from the waste incineration process

The residual products produced after waste has been incinerated are bottom ash and fly ash.
Bottom ash is considered non-hazardous waste and contains iron and other metals depending on what is incinerated. The bottom ash is further treated by other operators, who extract metals and recycle these into new products.

Fly ash consists of dust and similar substances that are captured in filters during the waste incineration process. The fly ash is considered hazardous waste and sent to NOAH Langøya, which receives waste for treatment, neutralisation and disposal in accordance with the licences and frameworks issued by the Norwegian Environment Agency. The fly ash from Hafslund contributes to the stabilisation/neutralisation of dilute acid from Norwegian industry, which is also deposited at Langøya.

The table provides an overview of the waste after it has gone through the waste incineration process. Data is based on direct measurements.

Waste following the waste incineration process	Unit	2024 Hazardous waste (fly ash)	2024 Non-hazardous waste (bottom ash)
Total quantity of waste following waste incineration process	Tonnes	**18,127**	**61,977**
Total quantity of waste not sent for final treatment, comprising:	Tonnes	0	5,338
Reuse	Tonnes	0	0
Recyling of materials	Tonnes	0	5,338[82]
Other	Tonnes	0	0
Total quantity of waste sent for final treatment, comprising:	Tonnes	18,127	56,639
Incineration	Tonnes	0	0
Landfill	Tonnes	18,127	56,639
Other	Tonnes	0	0
Total quantity of non-recycled waste	Tonnes	**18,127**	**56,639**
Percentage of non-recycled waste	Per cent	100 %	91 %
Quantity of radioactive waste	Tonnes	0	0

Own waste production

The table provides an overview of Hafslund's own waste production in 2024. This is primarily waste from operations and maintenance[83].

The figures are based on reports received from the waste management companies used by Hafslund.

[82] *Total quantity of metals extracted from bottom ash and recycled.*
[83] *The waste primarily includes commercial waste, residual waste, electronic waste, iron, wood and park and garden waste.*

Self-produced waste		2024	
	Unit	Hazardous waste	Non-hazardous waste
Total quantity of self-produced waste	Tonnes	**81**	**1,043**
Total quantity of waste not sent for final treatment, comprising:	Tonnes	8	612
Reuse	Tonnes	0	7
Recyling of materials	Tonnes	8	435
Other	Tonnes	0	170
Total quantity of waste sent for final treatment, comprising:	Tonnes	74	431
Incineration	Tonnes	40	348
Landfill	Tonnes	34	83
Other	Tonnes	0	0
Total quantity of non-recycled waste [84]	Tonnes	**74**	**431**
Percentage of non-recycled waste	Per cent	91 %	41 %
Quantity of radioactive waste	Tonnes	0	0

The table shows the total quantity of waste following the waste incineration process and self-produced waste.

Total waste following the waste incineration process and self-produced waste		2024	
	Unit	Hazardous waste	Non-hazardous waste
Total quantity of waste following waste incineration process	Tonnes	18,127	61,977
Total quantity of self-produced waste	Tonnes	81	1,043
Total	Tonnes	**18,208**	**63,020**

[84] *Total quantity of non-recycled waste equals the total quantity of waste sent for final treatment.*

Social information

Guidelines for working with social aspects

S1 Own workforce

S2 Workers in the value chain

S3 Affected communities

Social information

Guidelines for working with social aspects

"The best minds" is one of the focus areas in Hafslund's strategy and refers to the importance of safeguarding social conditions in the Group's ambitions and day-to-day operations. Hafslund's values ("open", "responsible" and "innovative") guide how the Group strives to conduct itself. With a presence in approximately 80 municipalities around the country and numerous districts in Oslo, as well as being a buyer in a global value chain, it is crucial for Hafslund to have good interaction with employees, supply chain workers and local communities.

Timely and open dialogue with stakeholders is essential for ensuring that actual and potential impacts felt by those affected by Hafslund's operations are managed effectively. To reduce negative impacts and risks, as well as explore opportunities related to its own workforce, workers in the value chain and affected communities, Hafslund actively seeks guidance from government authorities:

- The Norwegian Consumer Authority and the OECD's Contact Point for Responsible Business Conduct in Norway concerning the Transparency Act and due diligence.
- The Norwegian Labour Inspection Authority: The Working Environment Act and obligation to provide information and to ensure compliance.
- The City of Oslo when concerning issues relating to the "Oslo Model".
- The General Application Regulations: The parties in the business sector that negotiated the collective agreements which form the basis for the Regulations.
- The United Nations Guiding Principles on Business and Human Rights.
- The OECD Guidelines for Multinational Enterprises.
- The OECD Due Diligence Guidance.
- The UN Universal Declaration of Human Rights, including the UN International Covenant on Economic, Social and Cultural Rights of 1966, the UN International Covenant on Civil and Political Rights of 1966.
- The International Labour Organization's (ILO) core conventions on fundamental principles and rights at work.

In order to ensure that the Group remains committed to social conditions, Hafslund has established guidelines for protecting people associated with its own operations. The guidelines apply to all of Hafslund's material social topics: S1 Own workforce, S2 Workers in the value chain and S3 Affected communities. The operationalisation of the governing documents is described in the chapters for each of the topics.

Ethical guidelines

The ethical guidelines include guidelines for good personal conduct, good business practices, whistleblowing and management of potential breaches. The guidelines provide directions for how employees should interact, both internally and externally. They apply to Hafslund employees and those acting on behalf of the Group, for example, directors and hired consultants.

Under the ethical guidelines, Hafslund and Hafslund's employees are obligated to:

- Prevent all forms of discrimination or harassment.
- Ensure equal rights and opportunities for everyone at Hafslund.
- Actively work to identify, prevent, reduce and manage negative impacts on human rights and workers' rights with regard to own workforce, value chain workers and in local communities where the companies operate.
- Conduct risk and due diligence related to human rights and workers' rights in a systematic and appropriate manner.
- Make HSE the top priority.
- Provide sponsorships in line with Hafslund's purpose, vision and ambition.

- Protect privacy, including lawful and fair processing of personal data.
- Select business contacts that share Hafslund's ambition for sustainable and responsible business operations.
- Take responsibility for ensuring that local communities impacted by Hafslund's activities are given a genuine opportunity to be involved in a manner and at a point in time where their input can be taken into account.

The Group sustainability policy

Hafslund's sustainability policy[85] sets the direction for how the Group works with social conditions. The following principles act as guidelines:

- Everyone at Hafslund should be safe at work. Consideration for health, safety and the environment (HSE) must always be prioritised in line with Hafslund's HSE policy.
- Hafslund has zero tolerance for discrimination or harassment.
- Hafslund values diversity and actively works to increase diversity and inclusion. Nobody at Hafslund should be discriminated against on the basis of gender, sexual orientation, functional level, religion or ethnicity.
- Hafslund's employees shall experience equal treatment with regard to pay, tasks and responsibilities.
- Hafslund continually works to minimise the risk of injury or accident to the general public.
- Hafslund shall contribute to local value creation and employment in areas where the Group operates.
- Hafslund will involve local communities and other stakeholders at an early stage and engage in dialogue to ensure they are provided with genuine opportunities to exert influence.
- Hafslund shall respect basic human rights and decent working conditions. Hafslund shall influence business contacts in a manner that ensures human rights and workers' rights are protected.
- Hafslund shall conduct due diligence processes and take steps to address actual and potential adverse consequences.
- Hafslund shall prevent the use of forced labour and child labour in the value chain.
- Hafslund respects the rights of indigenous peoples and adheres to the principles of Free, Prior and Informed Consent (FPIC).

Group HSE policy

The Group HSE (health, safety and environment) policy outlines Hafslund's commitment to protecting life and health, and sets out principles for how the companies must safeguard the working environment, health and safety of everyone who works for or on behalf of Hafslund.

The Group policy lays the foundation for Hafslund's HSE work. All activities must be carried out without harm to human life, health or well-being. Among other things, the principles also affirm that HSE shall be fundamental to the planning, implementation and evaluation of all activities, and that everyone should work to continuously improve safety and report non-conformities. The same HSE requirements in our own activities also apply to contractors.

The Group policy is owned by the CEO, with Executive Vice President Corporate Development as the operational policy owner.

Group policy for HR and organisational development

At the core of Hafslund's policy for HR and organisational development is that employee expertise and involvement are crucial for value creation, further development and growth in all parts of the Group. The revision in 2024 had the aim of further supporting Hafslund's work on diversity, equality and non-discrimination. Hafslund's goal is to be a diverse, evolving and stimulating workplace. Hafslund shall ensure that employees are assigned tasks and responsibilities that reflect their individual skills and

[85] *See the chapter entitled General information for more information on the group sustainability policy.*

qualifications and that employees are given the opportunity to take independent responsibility for their own achievements.

The Group policy is owned by the CEO, with Executive Vice President Corporate Development as the operational policy owner.

Group policy for procurements

The procurement process at Hafslund shall, insofar as possible, take place in a manner that ensures competition. Suppliers must be treated equally and Hafslund shall act in a predictable manner, with requirements and criteria for the selection of suppliers and tenders that are factual and objective. In order to adhere to these principles, Hafslund's procurement activities shall be organised and implemented in a manner that, among other things, safeguards health, the environment and safety, and makes a contribution to the work on Hafslund's material sustainability topics. This involves both consideration for workers in own activities and in the value chain.

Group policy for communication and framework conditions

The Group policy describes principles for communication and work with framework conditions at Hafslund that will contribute to achieving the Group's objectives within business strategy, brand platform to strengthen the Group's reputation and awareness, as well as assuming a position as market leader under the "Hafslund" brand. The purpose of the policy is to regulate work processes for communication and framework conditions, both internally and externally, that are focussed on employees, national, regional and local politicians, government employees and political interest organisations.

Hafslund's Group policy for communication and framework conditions specifically applies to social conditions through the following principles:

- Hafslund communicates openly and clearly with all stakeholders and ensures that important information that can or should be shared is provided at the correct time. Hafslund shall be honest and accommodating in its dealings with actors outside the Group and with society as a whole.
- Unless specific political decision-making processes require confidentiality, Hafslund is transparent and open about dialogue with political authorities.
- Hafslund shall communicate with owners, governing bodies and employees in a manner that enables them to perform their roles as best as possible.
- Hafslund shall communicate in such a way that local communities impacted by business activities are given a genuine opportunity to be involved in a manner and at a point in time where their input can be taken into account.
- Potential and actual crises, unforeseen events, accidents and other situations that may have human, environmental, material and/or corporate and societal consequences are managed in accordance with the Group's own emergency response plans.

The Group policy is owned by the CEO, with Executive Vice President Corporate Development as the operational policy owner.

S1 Own workforce

Strategy

Why own workforce is a material topic for Hafslund (SBM-3)

Hafslund employees[86] have a safe and fair working environment with competitive terms and employee benefits. Laws and regulations which regulate the labour market in Norway are considered to cover several of the topics specified in these standards. Hafslund also assists with work–life balance by offering welfare benefits and perks that are intended to benefit as many employees as possible throughout all their different phases of life. In addition, the Group's employees are offered training and relevant skills development related to their position and development goals.

At the same time, Hafslund owns and is responsible for facilities and infrastructure that constitute a particularly serious risk of risk causing harm. The Group's own employees, as well as external suppliers, operate the power production on a daily basis. Work at facilities involves risks, and work processes are characterised by risk factors such as high voltage, heavy lifting, working at heights etc. In the worst case, HSE incidents can result in death. Shift work (day and night shifts) is part of the nature of the work. Specific instances may occur in all of the Group's activities that have the potential to generate an extraordinary workload and overburden employees.

It can be challenging to find the right skills at the right time, and even more challenging to be visible in a demanding job market. Developing and attracting good people is among Hafslund's strategic focus areas.

Hafslund places an emphasis on the work with its own workforce, and this primarily relates to:

- Health and safety
- Safe employment with good terms
- Skills development

Top risks and actions were developed through the strategy work and results from employee surveys, and these were implemented through activities in 2024. The actions will promote the positive impact that Hafslund can have on its own workforce.

[86] *See description of what is included in the term under characteristics of Hafslund's employees.*

Material topic	Sub-topic	Risk	Actions
Safe employment with good terms	Life phase policy	Inadequate facilitation may result in increased sick leave, exclusion from work tasks, employees losing opportunities for career development, and challenges in combining work and family life.	In 2024, Hafslund introduced life phase policy schemes which place an emphasis on achieving work–life balance. The Group works systematically with job and salary assessments through the global framework known as Korn Ferry Hay
Skills development		An absence of systems and compliance with processes hinders the ability to identify skills development requirements.	Hafslund has initiated the implementation of a new HR system which is scheduled to be rolled out in early 2025. The system will assist in improving data quality, compliance with employee development processes and overview of existing skills.
Health and safety		Operations-related deaths or serious personal injury - Inadequate HSE routines and follow-up of high-risk activities such as development, operations and maintenance. - Failure to conduct statutory risk assessments and implement measures to mitigate risk. - Absence of routines and instructions for checks of contractor safety. - Absence of reporting and investigation to ensure learning after incidents occur. - Low level of overarching governance and standardisation of processes means fewer opportunities for learning and interaction to prevent recurring accidents.	Several local changes were introduced to routines and safety measures during 2024. Several risk-mitigating measures were introduced. A Group HR director and new HR director for the power business were brought onboard in 2024. Both are newly created positions. A process for learning from incidents across the organisation has been implemented. Emergency response plans have also been introduced with Group-wide exercises. HSE is an integrated topic in management programmes in both the district heating business and the power business. This will also apply to the growth business and the parent company in 2025.

Health and Safety

Due to its wide range of businesses and activities, Hafslund faces safety and security risks. Much of the work entails risks of accidents, such as work at power plants and district heating facilities.

Hafslund must ensure at all times that there are safe and good working conditions for employees, contractors and others associated with the business. Systematic efforts are being undertaken to prevent accidents, and the Group's objective is that requirements and guidelines shall be in compliance with established standards and best practices, and endeavours to comply with relevant laws and regulations. This means that all activities and businesses are subject to risk assessments in accordance with the Group's overarching risk management process.

Hafslund's development projects and maintenance activities pose some of the Group's greatest health and safety risks. A large part of these activities is performed by contractors. Hafslund's aim is to promote even closer and better cooperation with contractors to prevent accidents and injuries. The Group sets the same requirements for the health and safety for contractors as it does for the Group's employees.

Actual negative consequences

Hafslund has not received reports of any violations of basic human rights and decent working conditions in its own workforce.

Individual instances of rules for overtime being exceeded may occur at Hafslund, however, as of the present date, overtime is not defined as a material risk. Immediate superiors are primarily responsible for monitoring overtime, and the individual instances that arose in 2024 were managed through dialogue between manager and employee. There are also random checks of the system used for recording work hours. Any noncompliance is followed up with the responsible manager and reported in the company's Working Environment Committee. Hafslund has also placed emphasis on managers receiving more training in the rules that govern work hours.

Managing impacts, risks and opportunities

Policies for own workforce (S1-1)

Hafslund is committed to respecting and promoting human rights in all of its activities. The company complies with international standards such as the United Nations Guiding Principles on Business and Human Rights, and works systematically to identify, prevent and mitigate risks of human rights violations. This is also established in the Group's ethical guidelines.

Hafslund also adheres to the OECD Guidelines for Multinational Enterprises and Due Diligence Guidance. Hafslund works to avoid human trafficking, forced labour, child labour and indecent working conditions in its own workforce. Hafslund is working to integrate due diligence into its day-to-day operations to ensure responsible business practices.

The Group shall assess the need for further regulation of processes and responsibilities to ensure that remedial measures are considered in the event that rights are violated to remedy the harm caused and ensure that the affected parties receive fair treatment. This may include dialogue with stakeholders, measures to restore conditions, and complaint-handling mechanisms that give everyone a voice in the process.

Procedures for engaging with own employees and employee representatives about impacts (S1-2)

All work at Hafslund must be based on the values of "open", "responsible" and "innovative". Hafslund places importance on employee involvement, both via employee representatives and by each individual employee being able to directly take an active role in influencing their own working day.

Hafslund enables all employees to have access to good information and have the opportunity to take ownership of their own work situation. The most important and effective arena for this is dialogue between manager and employee, for which there is a requirement that each manager has regular dialogue with their employees through goal and development discussions and status discussions (1:1).

Hafslund has well-established partnerships with local trade unions and employee representatives. This involves regular formal and informal dialogue, in addition to annual local pay negotiations. The formal dialogue consists of discussions in accordance with the requirements stipulated in the basic agreement, for example in the event of organisational changes and other matters affecting employees. The informal dialogue includes monthly contact meetings where the parties exchange information and discuss relevant matters.

At Hafslund, the trade unions (EL & IT, Nito, EP/Fagforbundet and Tekna) are affiliated with the employee organisations LO and Akademikerne. All employees are able to join a union if they so wish. The CEO of Hafslund, as well as the managing director of the relevant subsidiary, have ultimate responsibility for ensuring that the views of employees are heard and considered as part of decision-making processes.

Hafslund employees have the ability to exert influence through, among other things, safety representatives and organisations for employee representatives.

The Boards of Directors of Hafslund AS, Hafslund Kraft AS, Hafslund Vekst AS and Hafslund Celsio AS have employee-elected board members in accordance with the rules in the Limited Liability Companies Act.

Processes to remediate negative impacts for own workforce and channels via which own workforce can raise concerns (S1-3)

Hafslund emphasises open communication, collaboration and continuous training to prevent and manage negative impacts. This includes regular information meetings, bi-weekly employee surveys using the Winningtemp system (with the exception of the district heating business, which conducts bi-annual surveys via the occupational health service), and

target metrics have been established for employee engagement[87]. The results from the surveys are followed up at department level, as well as in the companies through a business review. If the surveys reveal repeated negative trends, these are escalated to the relevant parts of the Group, and measures are initiated. In 2024 this generally concerned individual cases that were handled internally by the departments.

In order to facilitate the reporting and management of censurable conditions, Hafslund has a dedicated whistleblowing channel[88] that is available to all employees. If reports occur outside this channel, they are added to ensure that management and follow-up are in line with the whistleblowing procedures. The process for following up reported cases was reviewed with the Group's elected representatives, and based on their feedback, Hafslund concluded that employees have confidence in the whistleblowing procedures.

Management and employee representatives work together to create a good working environment through the Working Environment Committee. The committee is mandated by the Norwegian Working Environment Act, and consists of representatives from management and employee representatives. The Working Environment Committee shall work towards achieving a fully acceptable working environment, participate in the planning of safety and environmental work, and closely monitor the development of the working environment. In 2024, a Working Environment Committee was established for the parent company Hafslund AS, as well as the growth business, in addition to existing committees in the power business and district heating business. A chief safety representative and an occupational health service have also been established in each company in accordance with the rules in the Norwegian Working Environment Act.

Training is an important preventive measure for reducing the risk of negative impacts. The ethical guidelines were updated during 2024 and made available to all employees via internal channels. E-learning on ethical guidelines is planned for all employees during the first half of 2025. The training will include information about the whistleblowing channel and Hafslund's whistleblowing procedures.

The channels for dialogue are important for the Group's governance and improvement work, and routines have been established for monitoring and processing the reports that are received. Information about whistleblowing and the representatives involved in safety and employee representation work is made available on the Group intranet. Hafslund is working to clarify routines and communication regarding whistleblowing to ensure that the routines are effective and that every manager and employee is familiar with these.

Actions and resources related to own workforce (S1-4)

Hafslund's goal is that health, safety and the environment shall be included as a fundamental element in all processes and activities. Hafslund is likewise dependent on having the right skills at the right time in order to deliver on the Group's strategic objectives.

The following action areas were defined in 2024 as being part of efforts to reduce strategic and operational risk and negative impacts, including taking advantage of the opportunities Hafslund has with respect to its own employees:

1. Strengthen overall HSE management and awareness of safety culture
2. Emphasis on flexibility among employees in different phases of life
3. Strengthen the experience of targeted skills development

[87] *See Targets and metrics (Own workforce)*
[88] *See G1 Business conduct for more information about the whistleblowing channel*

Strengthen overall HSE management and awareness of safety culture

Hafslund strives to promote a proactive safety culture that encourages transparency and learning. All employees have the right and duty to stop unsafe activity, and emphasis is placed on continuous learning and improving health and safety work. Observations and incidents are reported to ensure learning, and the most serious incidents are always investigated in order to identify underlying causes and prevent recurrence. A Group HSE function was established in 2024 with overall responsibility for further developing the work throughout the entire Group. The goal is to create a more holistic HSE standard and enable better interaction and learning across the companies. Risk management, and skills and learning are areas that will be strengthened. In 2024, Hafslund implemented several actions to strengthen the systematic HSE work:

- Initiated work on developing a Group-wide framework for HSE risk management. The goal is to ensure a standardised framework and process for how Hafslund identifies, analyses and controls HSE risks at all levels of the company (overall and operational). The work will also ensure how Hafslund systematically follows up and assesses the effectiveness of actions, and how progress is measured in accordance with the goals that are set. The framework shall ensure and improve controls and reduction of risk in businesses and activities. The development work will continue in 2025.
- An important contribution to HSE work is to ensure that managers and employees have the necessary training and expertise to perform the work safely and securely. This was a priority development area in 2024 and will continue in 2025. HSE has also been strengthened in the business areas with more dedicated specialist resources and managers that will assist in ensuring continuous improvement.
- HSE management was a topic in the management programmes, and this work will continue in 2025. HSE is a priority topic at all board meetings, management meetings and at department level across Hafslund.
- Hafslund has emergency response plans and an emergency response organisation covering all facilities, with local fire, rescue and first aid personnel. The emergency response function was strengthened in 2024 and regular exercises are carried out. This helps to reduce the consequences of undesirable incidents, including for employees of suppliers. Physical safety measures have been implemented at all facilities.
- As a result of learning points from the extreme weather event "Hans", Hafslund has strengthened emergency response capabilities in the Group and the companies. In 2024, emergency response exercises were conducted with representatives from relevant disciplines, including the HR function.

Examples of actions implemented in the business areas in 2024 include:

- Internal audits of compliance with the Construction Client Regulations and Internal Control Regulations were conducted in the power business and district heating business in 2024. This work is intended to strengthen internal controls and compliance with laws and requirements.
- As a result of the internal audit, courses and training have been designed with updated course materials, and the procurement function in the power business and the safety, health and working environment plan for the district heating business have been strengthened.
- The power business introduced requirements for mandatory use of eye protection during operations. This measure has proven to be effective in preventing eye injuries. In addition, a new HSE manager has been hired and several physical and technical actions shall also be implemented to reduce risks related to operations in power plant areas. Occupational health surveys are carried out and findings are

handled according to the risk level of the finding. In 2024, asbestos was found at two locations. Measures and remediation have been implemented.

- In 2024, Growth and Investments introduced a digital platform for reporting undesirable incidents, hazardous conditions and improvements, as part of their efforts to ensure learning and prevent undesirable incidents.
- The district heating business has introduced requirements for the HSE course "Skal bare!" (Just gonna!) to be completed by all employees and contractors. This has been well received as part of the continuous work on skills development.

Flexibility for employees in different phases of life

In 2024, Hafslund introduced schemes as part of "life phase policies" to facilitate employees in different phases of life. The schemes are based on a survey among all employees to gain insight into which benefits and schemes are valued, and were discussed with employee representatives. The changes include, from 2024, the introduction of one week of extra holiday leave for parents of children up to the age of ten, as well as a 6.5-hour working day for up to three months for parents who are returning from parental leave. In addition to the statutory extra week of holiday leave from the age of 60, seniors shall receive one week of extra holiday leave upon reaching the age of 62. The district heating business has a separate special agreement which contains different terms and conditions, including a paid lunch break, which results in shorter annual working hours than at other Group companies.

Strengthen the experience of targeted skills development

Developing managers is a priority area for Hafslund. Leadership development is implemented through regular management gatherings throughout the year, at which managers receive training in relevant strategic and current topics. The Group has prepared management principles based on the values "open", "responsible" and "innovative", in order to strengthen the attitudes Hafslund expects managers to exhibit in their work.

The "Ny som leder" (New Manager) programme was introduced during the reporting year and is offered to personnel managers with no prior management experience. A dedicated management programme was established in 2024 for the managers at the parent company and in the Growth and Investments business area.

Managers play an important role in following up their employees and ensuring their development and well-being. Employee follow-up through such things as goal and development discussions was the focus in 2024, and this process will also receive system support into the future. In addition to leadership development, the following skills and organisational development was carried out:

- Hafslund has commenced the implementation of a framework for job assessment and career paths. This has been introduced at several departments in Hafslund, and will be followed up in a structured manner in 2025.
- Exit interviews are conducted in parts of the Group, with the goal of exit surveys being introduced throughout the entire Group during 2025. In addition to ensuring a good end to the employment relationship, Hafslund’s desire is to use the exit interview as a strategic tool for improving the organisation and making it more attractive to both current and future employees.
- Hafslund is an approved training establishment. It is important for the Group to provide apprenticeships. Contributing to the training of skilled workers is crucial for Hafslund also being able to recruit skilled workers in the future. The Group’s goal is to have apprentices in training at all times.
- Hafslund hosts an annual Summer Internship programme. Some of the students are offered extended employment after completing the

internship. During the reporting year, three students were offered permanent employment once they had completed their studies.

- Breakfast and lunch meetings are arranged in all parts of the Group which have professional content that contributes to a culture of sharing, and expert groups have been established across specialist fields. In 2024, the Group's "Gnist" (Spark) development programme was expanded to include more participants. The "Spire" initiative brings together employees under the age of 35 to discuss various specialist topics after work hours, and creates a good community among younger employees across the Group. These gatherings are organised both by Hafslund itself and in collaboration with business associates.

Targets and metrics

Targets for follow-up of IROs (S1-5)

Reducing negative impacts and risk of injury

Hafslund's objective is to have zero injuries and no instances of work-related illness among own employees.

At Group level, frequency of instances of absence (H1) and total recordable injury frequency (H2) are used as performance and monitoring indicators. Both indicators include injuries involving both employees and non-employees working at Hafslund locations.

In 2025, Hafslund will improve its internal monitoring processes by adding a broader set of indicators.

Strengthen positive impact, reduce risk and exploit opportunities

Hafslund's goal is to have committed employees who enjoy their work. Hafslund conducts bi-weekly surveys of employees using the Winningtemp platform. The goal is to achieve a total engagement score in Winningtemp of at least eight out of ten.

In 2024, emphasis was placed on highlighting diversity and inclusion in governing documents, something that will be further operationalised through management development and the preparation of action plans for diversity at Group level into the future.

Hafslund's managers play a key role in achieving the ambition of having committed employees who enjoy their work, and the goal is therefore that:

- All managers shall conduct at least one annual development discussion with their employees
- All managers who are responsible for personnel shall participate in leadership development programmes

Targets relating to engagement and well-being among Hafslund employees:

	Target	Result 2024
Employee engagement score (scale 1-10)	8	8
Sick leave	< 3,5 %	3,3 %

The Group also has a goal of increasing interest in and having more applicants for the Summer Internship programme, which is an indication of Hafslund's attractiveness as an employer. There was a total of 1,148 applicants in 2024, up from 509 the previous year.

Reporting boundaries

The reporting includes own workforce in the companies consolidated into Hafslund's financial reporting. Hafslund's own workforce includes both employees and non-employees. "Number of employees" refers to the number of people, not the number of full-time equivalents (FTEs). Unless otherwise specified, the data represents the status as of year-end 2024.

Characteristics of Hafslund's employees (S1-6)

"Employees" includes all permanent and temporary employees, as well as employees without guaranteed working hours. Permanent employees includes everyone with an open-ended employment contract, including employees on paid/unpaid leave and employees in a notice period. Temporary employees includes apprentices, summer students and substitutes to cover the work tasks of employees who are on leave. Employees without guaranteed working hours includes on-call substitutes in connection with events. Part-time employees at Hafslund are primarily employees who have personal needs that make it appropriate for them to have reduced working hours.

Reported data on the number of employees and turnover is based on data from Hafslund's HR system, where all employees are registered with associated information such as gender, form of employment, date of employment and potential resignation, and geographical connection.

Employees in the group broken down by employment type and gender	Unit	2024 Female	Male	Total[89]
Permanent employees	Head count	235	667	902
Temporary employees	Head count	8	20	28
Non-guaranteed hours employees	Head count	14	3	17
Total number of employees[90]	**Head count**	**257**	**690**	**947**
Full-time employees	Head count	222	653	875
Part-time employees	Head count	13	14	27
Total number of permanent employees	**Head count**	**235**	**667**	**902**

Employees in the group broken down by employment type and gender	Unit	2024 Oslo	Aurland	Hallingdal and Valdres	Innlandet	Glomma[91]	Sweden	Total
Permanent employees	Head count	510	43	102	192	50	5	**902**
Temporary employees	Head count	13	2	5	3	5	0	**28**
Non-guaranteed employees	Head count	0	0	0	0	17	0	**17**
Total number of employees	**Head count**	**523**	**45**	**107**	**195**	**72**	**5**	**947**

Turnover	Unit	2024
Number of employees who have left, including retirement	Head count	34
Turnover-rate, including retirement[92]	Per cent	3.9 %
Number of employees who have left, excluding retirement	Head count	19
Turnover-rate, excluding retirement	Per cent	2.2 %

Characteristics of non-employees in Hafslund's own workforce (S1-7)

The number of non-employees in Hafslund's workforce is 147. Non-employees includes all external consultants[93], primarily within IT services and consulting. This goes beyond the definition in the standard, which only includes hiring from staffing agencies and self-employed individuals.

There was a steady increase in the number of non-employees during 2024. Among other things, this was due to increased requirements related to projects. Reported data on non-employees is obtained from Hafslund's HR system.

[89] *The terms 'female' and 'male' include all employees at the Group. All employees are registered by gender in the HR system, and only these two categories are registered.*
[90] *See note 2.4 Salaries and other personnel costs in the consolidated financial statements*
[91] *Includes number of employees at the power plants in Østfold/Glomma and Hafslund Hovedgård*
[92] *The turnover rate is calculated using the following formula: Employees who left during the period / Average number of employees in 2024*
[93] *Does not include personnel associated with Hafslund through contracts*

Collective bargaining coverage and social dialogue (S1-8)

All companies at Hafslund are bound by national collective agreements, which means that 100 per cent of the employees are covered. Special agreements have also been entered into with local trade unions that complement the national agreements.

60.5 per cent of all Hafslund employees are members of a trade union, and are thus represented by an employee representative. The unions are affiliated with central federations and principal associations.

The reporting is based on information from the payroll system and includes all Hafslund employees.

Diversity metrics (S1-9)

Reported data is obtained from Hafslund's HR system and includes all Hafslund employees.

Gender distribution in management and age distribution	Unit	2024
Women in Group Management	Head count	4
Women in Group Management	Per cent	50 %
Men in Group Management	Head count	4
Men in Group Management	Per cent	50 %
Women in executive positions[94]	Head count	47
Women in executive positions	Per cent	32 %
Employees under 30 years old	Head count	116
Employees 30-50 years old	Head count	498
Employees over 50 years old	Head count	333
Total number of employees	**Head count**	**947**

Adequate wages (S1-10)

All Hafslund employees are paid a salary that is in line with the salary provisions in relevant collective agreements. Collectively agreed minimum wage rates are considered to be an adequate living wage in Norway.

Apprentices are a special group who are undergoing training and are therefore not yet fully qualified employees. Their wages are determined in accordance with separate provisions in collective agreements and they are paid a percentage of the minimum wage rates, depending on how far they have advanced in their training. As of 31 December 2024 Hafslund had 16 apprentices, who make up 1.7 per cent of the employees.

Hafslund uses the international Korn Ferry Hay method as a comparison for determining salaries in the Group.

Social protection (S1-11)

All Hafslund employees in Norway are covered by social benefits provided through the Norwegian National Insurance Scheme for loss of income in connection with illness, unemployment, work-related injuries and acquired disability, parental leave and pensions. Insurance agreements have also been entered into that cover accident, occupational injury, group life, travel and health insurance, albeit with some variations between the companies in the Group.

All employees in Norway are covered by a defined-contribution pension scheme. The pension scheme also has disability coverage. In addition, the Group has a closed pension scheme.

The employees of Hafslund's Swedish subsidiary, Hafslund Vekst AB, are covered by Swedish national insurance benefits, and agreements have also been entered into for accident insurance, life insurance, health insurance and travel insurance. A defined-contribution pension scheme has been established in line with Swedish law.

Health and safety metrics (S1-14)

Hafslund has common governance principles for HSE for the Group's entire workforce, and each segment has its own management system. The HSE management systems include targets and plans, risks and actions, follow-up and controls, and roles and responsibilities. Employees

[94] *Executive positions are defined as positions with responsibility for personnel*

are encouraged to report incidents and hazardous conditions, the purpose of which is to derive learning and strengthen preventive work.

Reported data is primarily obtained from the HSE incident reporting systems and HR system. The number of injuries and instances of work-related poor health are based on reported data, with the associated uncertainty regarding the veracity of this data. Working hours for non-employees are estimated based on the number of non-employees and days worked.

Health and safety metrics	Unit	2024
Share of own workforce covered by the HSE system (employees)	Per cent	100 %
Share of own workforce covered by the HSE system (non-employees)	Per cent	100 %
Fatalities as a result of work-related injuries and work-related ill health (employees)	Number	0
Fatalities as a result of work-related injuries and work-related ill health (non-employees)	Number	0
Fatalities as a result of work-related injuries and work-related ill-health (other workers at Hafslund's production sites)	Number	0
Work-related accidents (employees)	Number	6
Work-related accidents (non-employees)	Number	8
Lost time injury frequency (employees)	H1-value	2.1
Lost time injury frequency (non-employees)	H1-value	9.0
Total recordable injury rate (employees)	H2-value	4.1
Total recordable injury rate (non-employees)	H2-value	14.4
Recordable cases of work-related ill health (employees)[95]	Number	0
Days lost (absence days) due to work-related injuries and fatalities as a result of work-related accidents, work-related ill health and deaths as a result of ill health (employees)	Number	170

Work-life balance metrics (S1-15)

All employees are entitled to parental leave in accordance with the rules in the Working Environment Act, the National Insurance Act and local special agreements. Provided that the statutory requirements are satisfied, all employees are entitled to full pay during the parental benefit period, including if this exceeds the maximum National Insurance amount of 6G (G being the National Insurance base amount). Pursuant to the Norwegian Working Environment Act, employees are also entitled to an additional year of unpaid leave beyond the parental benefit period. 8.1 per cent of all female employees and 5.3 per cent of all male employees satisfied the conditions for parental leave and exercised their right to parental leave during 2024. Reported data is obtained from the payroll system.

Remuneration metrics (pay gap and total remuneration) (S1-16)

The gender pay gap rate shows the average difference in pay levels as a percentage of men's pay levels, and is calculated using base salaries, any overtime, shift allowances and other variable allowances. The remuneration rate shows the ratio between total remuneration for the highest paid person and the median total remuneration for all other employees

The calculations of both metrics include all Hafslund employees, and are based on transaction data from Hafslund's payroll system and data from Hafslund's HR system.

Remuneration metrics	Unit	2024
Gender pay gap[96]	Per cent	-0,1 %
Remuneration ratio[97]	Ratio	6.6

The gender pay gap rate in 2024 was -0.1 per cent. This means that, on average, female employees earned marginally more than male employees in 2024 when all benefits are included. The remuneration rate shows that in 2024 the highest paid person in the Group had total remuneration that was 6.6 times the median amount of the remuneration for all other employees.

[95] *We do not have access to employee medical records. Data for this metric is based on self-initiated reporting by employees.*
[96] *(Average remuneration for male employees - average remuneration for female employees) / average remuneration for male employees. Hafslund also reported the "Gender pay gap rate" in 2023, but calculated this using the formula (average fixed salary for women / average fixed salary for men).*
[97] *Total remuneration for the highest paid person / median total remuneration for all other employees*

Incidents, complaints and severe human rights impacts (S1-17)

Reporting of cases related to discrimination and other reports is based on data from Hafslund's whistleblowing channel and from Hafslund's platform for measuring engagement and the working environment. Reporting related to human rights violations is based on confirmation from key individuals/potential recipients of reports. The reporting includes Hafslund's entire workforce.

Incidents, complaints and severe human rights impacts	Unit	2024
Reported cases of discrimination, including harassment	Number	0
Cases of discrimination or harassment that have been processed and an action plan established	Number	0
Cases reported through channels for raising concerns (including whistleblowing channel)	Number	6
Total amount for fines, penalties and compensation for damages as a result of any incidents and complaints related to discrimination	NOK	0
Severe human rights incidents connected to own workforce	Number	0
Total amount for fines, penalties and compensation for damages as a result of any incidents and complaints related to violations of human rights	NOK	0

S2 Workers in the value chain

Strategy

Why workers in the value chain is a material topic for Hafslund (SBM-3)

Hafslund is particularly exposed to the risk of negative impacts on workers in the value chain through 1) working conditions in Norway, and 2) complex global value chains for products and materials.

The core of Hafslund's business model is the development and production of renewable power. The work related to this is carried out by workers at facilities where there is a risk to their health and safety. There are certain industries in Norway where there is a high risk of labour market crime. General industries such as construction, electrical engineering, transportation, as well as cleaning and canteen services, are particularly vulnerable.

Hafslund's business areas operate within complex global value chains that have low transparency and carry a high risk of negative impacts on human rights and working conditions when extracting raw materials and manufacturing components for purchased materials and other products.

Hafslund is at greatest risk of causing or contributing to negative impacts on employees working at the Group's facilities, while Hafslund is primarily indirectly linked to the risk of negative impacts in global value chains. Hafslund's risk assessments and identification of vulnerable value chain workers are based on publicly known knowledge about industries and geographic risks[98].

In the event of any involvement in forced labour, human trafficking or other violations of worker and human rights, Hafslund faces the risk of corporate penalties and fines, as well as negative reputational consequences.

Employees working at Hafslund locations

Hafslund's greatest risk of causing or contributing to significant negative impacts to employees in the value chain involves those who work at Hafslund's own facilities/projects in Norway. This applies to services related to the construction, operation and maintenance of facilities/projects such as building and construction, electrical engineering, processing plants, transport and ICT services.

Among Hafslund's business partners that work at the Group's facilities and offices there is a high inherent risk of breaches of pay and working conditions within the areas of cleaning, canteen services, gardening services, waste management and recycling, security services, snow removal, transport services and professional services such as consulting and the like.

General industries in Norway[99] have statutory requirements for minimum wages and working conditions due to the high inherent risk of social

[98] *Obtained from Norwegian and foreign authorities (such as the Norwegian Agency for Public and Financial Management's (DFØ) high-risk list, general industries in Norway, the US Department of Labor's list of products that have a risk of child labour and forced labour), civil society organisations, news reports, industry collaboration and Hafslund's own experiences. Risk assessments are also based on country risk indicators including the Global Rights Index, Labour Rights Index, the Global Slavery Index and the Corruption Perceptions Index.*
[99] *Building and construction, electrical engineering, transport, cleaning, canteen services and gardening services.*

dumping in the form of foreign workers. Depending on the nature of the work, there may be a high risk of inadequate health and safety measures. The risk of negative impacts within ICT services often depends on whether the work is carried out in high-risk countries.

Hafslund may be at risk of causing or contributing to breaches of pay and working conditions if unrealistic deadlines and unfair prices are set or if Hafslund itself does not comply with HSE requirements and thereby negatively impacts workers in the value chain. Beyond this, Hafslund is directly linked to the risk of negative impact through the Group's supply chain and business partners.

Risk drivers for employees at Hafslund's locations:

- Type of work
- Transportation is included in the delivery/product
- Employment agreements
- Number of subcontractors
- Foreign workers
- Foreign (sub)contractors

High risk services

Procurement categories[100]	Parent company Hafslund AS	Power business	District heating business	Growth business
Building and construction	X	X	X	X
Electrical engineering	X	X	X	X
Processing plants			X	
Freight transportation	X	X	X	X
ICT services	X	X	X	X
Industrial cleaning (sand blasting etc.)		X	X	
Cleaning and catering*	X	X	X	X
Gardening services*	X	X	X	
Security services*		X	X	
Waste management and recycling*	X	X	X	
Snow removal*	X	X	X	
Professional services	X	X	X	X

Employees in the upstream value chain

The renewable energy industry's biggest challenge in terms of social sustainability is being dependent on high-risk countries' materials that are critical for the production of electromechanical equipment (turbines etc.), other materials made of steel (boilers etc.) and aluminium (fastening materials for solar panels etc.), new energy sources such as solar panels and storage systems for battery energy storage systems (BESS), and materials such as workwear, protective equipment and ICT products.

The industry is indirectly exposed to material risk of violations of basic human rights and decent working conditions in connection with the extraction or processing of raw materials, production and transport. Complex global value chains with low traceability make it challenging to obtain an insight into production and working conditions. This particularly applies to Chinese working conditions, including Uyghurs who are subjected to state-sanctioned forced labour, and child labour in the Democratic Republic of the Congo in connection with the extraction of conflict minerals used in, for example, ICT products and battery storage systems.

[100] ** Business partners as defined by the Norwegian Transparency Act. Other categories may be both business partners and suppliers depending on what is being supplied.*

Inadequate insight into supply chains makes it difficult to select ethical suppliers and to follow up suppliers. At the same time, Hafslund accounts for a small proportion of the total revenues generated by these supply chains, a factor which limits the influence the company alone can have over these conditions.

Hafslund is, first and foremost, indirectly linked to the risk of negative impacts on these workers in the upstream value chain. Purchases of goods made to the buyer's specifications, whereby Hafslund influences the selection of, for example, raw materials, component parts or deadlines, increase the risk of causing or contributing to negative impacts.

Materials with high inherent risk

Materials[101]	Parent company Hafslund AS	Power business	District heating business	Growth business
Electromechanical materials		X	X	
Building and construction materials	X	X	X	X
Pipes and piping materials		X	X	
Chemicals		X	X	
Electrical infrastructure*	X	X	X	X
Boiler systems			X	
Input factors for waste incineration plants (biofuel, waste, natural gas, wood pellets)			X	
Solar panels, inverters and fastening materials				X
Battery energy storage systems (BESS)				X
Food and beverages*	X			
Furniture and textiles*	X			
Workwear and protective equipment	X	X	X	X
ICT products	X	X	X	X

[101] **Hafslund Hovedgård og konferansesenter*

Risk drivers for workers in the upstream value chain:

- Geographic risk
- Number of subcontractors
- Industry risk, including low-cost industries
- Unrealistic delivery deadline
- Unknown origin or country of manufacture
- Transport is included in the delivery/product

Business partners that do not work at Hafslund's locations

Business partners that do not work at Hafslund's facilities/offices and where there is a high inherent negative impact on employees include professional services such as consultants, lawyers, auditing services and the like. These services are associated with a high risk of breaches of rules governing working hours. Hafslund may be at risk of causing or contributing to breaches of pay and working conditions if unrealistic deadlines are set. In addition to this, Hafslund is indirectly linked to risk through our business partners.

Businesses owned jointly with others

Power production

Hafslund has ownership interests in several joint ventures within hydropower. The negative impact on employees from these companies is the same as the negative impact described under S1 Own workforce.

Growth and investments

Hafslund owns several joint ventures within the areas of Growth and Investments, including solar power, data centres, electricity grid, production of district heating, broadband, fibre and charging solutions in the transport sector. Negative impact on employees is limited to HSE risks for operational roles in relevant businesses.

The relationship between negative impact and Hafslund's material risks, strategy and business model

Hafslund's business model focuses on the development, construction and operation of renewable energy, with respect for human rights and good working conditions integrated into the company's governing documents. As part of the strategy towards 2035, Hafslund is continuously working to prevent the risk of negative impacts on human rights and decent working conditions by implementing actions through own operations and when following up suppliers. Management receives regular progress updates. The actions implemented in 2024 are described in Actions and resources related to workers in the value chain.

Risk of human rights violations is an important part of the risk assessments in both the Group and subsidiaries. Hafslund risks fines and penalties if complicit in breaches of statutory pay and working conditions or breaches of HSE requirements that negatively impact workers in the value chain. This is particularly relevant when value chain workers work at Hafslund's facilities or projects.

Conducting due diligence of goods and services that have a high risk of violations of basic human rights and working conditions can increase administrative costs both internally and for suppliers. If Hafslund does not conduct due diligence in line with the Transparency Act, the Norwegian Consumer Authority may impose administrative fines of up to four per cent of annual turnover or NOK 25 million. Administrative sanctions and penalties can also damage Hafslund's reputation, which can result in lost customers and investment opportunities.

Actual negative consequences

Whistleblowing

Hafslund did not any receive reports via the whistleblowing channel of violations of basic human rights and decent working conditions for workers in the value chain in 2024.

The district heating business

In 2024, the district heating business received a report from a value chain worker outside the official whistleblowing channel. The report primarily concerned commercial factors, but also included concerns about potential breaches of local rules governing working hours and retaliation. The employee themselves had informed the employer of the report. The district heating business requested a statement from the employer. Based on the extensive statement provided by the employer regarding their investigations of these matters, Hafslund found that there was no breach of local rules governing working hours or retaliation.

Violations of human rights and decent working conditions

The parent company Hafslund AS and the growth business have not identified actual negative consequences for value chain workers at suppliers and business partners.

The power business

In 2024, an Achilles audit of payslips uncovered that a supplier was in breach of minimum wage requirements. The audit report revealed a minor deviation from the minimum wage, but that this had not been rectified. The report did not state how many employees had been impacted by this discrepancy. Achilles is responsible for monitoring audit findings, and the power business will follow up on further developments.

The district heating business
The district heating business conducted a supplier audit at the Klemetsrud waste incineration plant in 2024 which uncovered breaches of minimum wage requirements and overtime payments in accordance with Norwegian law. Hafslund has been working to identify affected workers and ensure they receive compensation, and as of the end of 2024, one foreign employee had been paid overtime in accordance with the legal requirements. Work on this will continue in 2025, and the experience Hafslund gains from this work will contribute towards preventive measures being initiated for further maintenance work. For more information about the supplier audit, see the description under Controls of suppliers with value chain workers at Hafslund locations.

In 2024, Hafslund discovered actual and potential violations of decent working conditions on the part of two potential new foreign waste suppliers:

- One potential supplier had workers on the sorting line without adequate protective equipment and that exhibited multiple indicators of modern slavery. Due to these concerns, Hafslund reported this company to the responsible local authorities. The local authorities investigated the report, however concluded that there were insufficient grounds for prioritising further investigations. The case was forwarded on to the local Labour Inspection Authority due to the HSE violations. Due to both the working conditions and other commercial considerations, no contracts were entered into with these suppliers.
- Another potential supplier had HSE breaches due to lack of protective equipment on the sorting line, and received verbal feedback regarding this.

The experiences from these incidents make an important contribution to formulating procedures for systematic due diligence of waste suppliers.

Remediation of actual negative consequences and whistleblowing channels

Remediation of actual negative consequences
In 2024, Hafslund prepared a draft Group process for compliance with the Norwegian Transparency Act, as well as Group due diligence procedures. These will be assessed in 2025 and the objective is to establish how measures will be implemented to prevent and remediate negative impacts which Hafslund has caused or contributed to.

In 2025, Hafslund will assess the need to detail additional procedural steps and responsibilities for remediating the negative impacts on value chain workers that Hafslund has caused or contributed to, including how to quantify the effectiveness of such remediation measures.

Whistleblowing channel
Value chain workers can submit both verbal and written reports, as well as use Hafslund's digital whistleblowing system[102].

Hafslund's ethical guidelines require suppliers to report censurable conditions related to the agreement with Hafslund and to have good whistleblowing procedures. The procedures must be accessible and familiar to everyone working with the agreement, and employees of suppliers can also use Hafslund's whistleblowing channel. It is important that those who report violations of laws or guidelines are protected from retaliation.

At the end of 2024, the digital whistleblowing system was available in Norwegian and English, which limited accessibility for potential whistleblowers who speak other languages. Hafslund has therefore actively informed value chain workers at its own locations about the whistleblowing system, as well as about the services offered by the Norwegian Labour Inspection Authority and Fair Play Bygg. The information is available in the languages that are most common among the Group's value chain workers[103]. The information is shared in various

[102] *Read about the whistleblowing channel in G1 Business conduct.*
[103] *Norwegian, English, Bulgarian, Croatian, Lithuanian, Polish, Romanian, Turkish, German and Ukrainian.*

ways in the subsidiaries, and is either disseminated directly to workers or via information posters.

In 2025, Hafslund will work to find the most effective means of sharing information about the whistleblowing system and share experiences across the Group. The effectiveness of the whistleblowing system depends on it being available in the languages that are most important for Hafslund's value chain workers, and the whistleblowing channel will therefore be made available in more languages in 2025. Hafslund believes that this will increase the trust that value chain workers have in the whistleblowing channel. The involvement of stakeholders in assessing the effectiveness of the whistleblowing channel will be included in the stakeholder dialogue project in 2025.

Managing impacts, risks and opportunities

Guidelines for workers in the value chain (S2-1)

Hafslund has established guidelines through governing documents and guiding principles pertaining to respect for basic human rights and decent working conditions in the value chain, including due diligence processes that are in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. The interests of value chain workers are a fundamental consideration when drafting the documents. Guidelines that address negative impacts on value chain workers are also considered a control measure for managing material risk for Hafslund.

Relevant guidelines governing the work with value chain workers are Hafslund's sustainability policy, procurement policy, ethical guidelines, and ethical guidelines and requirements for suppliers[104], as well as the Oslo Model. The principles in the guidelines are operationalised through:

- Group procedure for compliance with the Norwegian Transparency Act
- Group policy for HSE and related management in the subsidiaries
- Group policy for procurements and related management in subsidiaries
- Follow-up of contracts
- The Group's framework for ownership follow-up

The Oslo Model

Hafslund will use the Oslo Model as a basis in procurement processes. This model is used by the City of Oslo and sets a number of requirements for suppliers regarding decent working conditions and human rights, including requirements to conduct due diligence. The purpose of the seriousness requirements is to combat labour market crime and social dumping. The due diligence requirements are intended to safeguard basic human rights, decent working conditions[105] and international humanitarian law, and prevent environmental destruction and corruption.
There are also requirements for mandatory membership with startBANK or an equivalent supplier register. The Hafslund Group uses Achilles UNCE [106]and requires suppliers to be registered in this system.

Hafslund's ethical guidelines and requirements for suppliers

Hafslund's ethical guidelines and requirements for suppliers were revised on two occasions during 2024. The first revision simplified the presentation of the guidelines and incorporated changes to the Oslo Model. Requirements from the Oslo Model that were removed from the guidelines have been included in relevant contracts. The second revision clarified requirements for due diligence on the part of suppliers in line with the Oslo Model, requirements for accommodation, climate, environment,

[104] *See General information and introduction to social information for more information about the guidelines*
[105] *Decent working conditions mean work that safeguards basic human rights and health, safety and the environment in the workplace, and which provides a living wage.*
[106] *Qualification solution for suppliers to the energy supply industry that has been established in line with EU directives, as well as laws and regulations governing procurements in the energy industry. The requirements for registration were expanded in 2024 and include suppliers having to provide information about HSE, working conditions, human rights and ethical business practices.*

wage requirements and HSE, and an explicit prohibition of human trafficking.

The guidelines refer to the internationally recognised human rights that appear in, among other things, the UN's International Covenant on Economic, Social and Cultural Rights of 1966, the UN's International Covenant on Civil and Political Rights of 1966, and the International Labour Organization's (ILO) core conventions on fundamental principles and rights at work. Among other things, this entails that suppliers must not permit any form of human trafficking, child labour, forced labour, discrimination or physical abuse. Suppliers must respect the right to join or establish trade unions, and to conduct collective bargaining. The guidelines contain requirements for pay and working conditions, permanent employment, occupational injury insurance, mandatory pension scheme, requirements for electronic payment of employees, HSE, EHS and internal controls.

Work on new governing documents in 2024

Other than HSE for value chain workers at own locations, Hafslund has not had a system for conducting systematic due diligence of pay and working conditions. A proposal was prepared in 2024 for Group due diligence procedures that will be approved and implemented in 2025. The procedures contain steps that have the aim of preventing, detecting and addressing violations of human rights and working conditions.

Hafslund has not had a procedure for verifying compliance with the obligation to provide information and to ensure compliance for general industries in Norway. A proposed procedure was drafted in 2024 and will be implemented in 2025. These procedures shall contribute to Hafslund conducting due diligence processes in line with the Norwegian Transparency Act, and suppliers complying with Hafslund's ethical guidelines and requirements for suppliers.

Procedures for contact with workers in the value chain regarding impacts (S2-2)

Hafslund does not have systematic processes for stakeholder dialogue with value chain workers that can be used in due diligence and strategy work. In practice, Hafslund conducts various forms of dialogue, such as interviews during supplier checks, HSE work at locations, and meetings with civil society. Hafslund also uses relevant knowledge about negative impacts on value chain workers through public information from government authorities, research communities and civil society.

In 2025, Hafslund will work on systematising stakeholder dialogue and integrating the results into understanding of risk, measures actions and strategy work. Stakeholder dialogue will be important for developing Hafslund's understanding of risk, appropriate measures actions and following up negative consequences. Dialogue with value chain workers will be prioritised in accordance with Hafslund's risk assessment of negative impact on value chain workers[107].

Processes to remediate negative impacts and channels for workers in the value chain to raise concerns (S2-3)

The Group procedure for compliance with the Transparency Act, the proposed Group procedure for due diligence and the proposed whistleblowing procedure require subsidiaries to implement measures actions to mitigate negative impacts. In 2025, Hafslund will assess the need to detail further procedural steps and responsibilities in connection with remediating negative impacts.

[107] *See description of risk assessment.*

Actions and resources related to workers in the value chain (S2-4)

Project to systematise and strengthen due diligence work
In 2024, Hafslund focused on developing a common approach for systematic due diligence of suppliers. This work resulted in:

- Proposal for Group procedure for due diligence with supporting documents (to be approved and implemented in 2025)
  - Guide for Group procedure
  - Risk guide based on procurement categories
  - Tools for monitoring supplier risk and actions
- Guidance and training in due diligence based on the OECD Due Diligence Guidance.
- Procedure for compliance with the obligation to provide information and to ensure compliance for general industries (to be approved and implemented in 2025).
- Multilingual information about the whistleblowing channel for value chain workers
- Participation in OECD courses and in relevant networks

Preventive HSE work at Hafslund's locations
Preventive HSE work is part of day-to-day operations and complies with Norwegian legal requirements. HSE is also particularly followed up in the procurement process and Achilles supplier register. New measures that were initiated in 2024 are described below.

Internal audits of the power business and district heating business

Hafslund conducted internal audits of compliance with the Construction Client Regulations and Internal Control Regulations in the power and district heating businesses. These types of audits are also important for value chain workers who work at Hafslund's locations.

Power business
HSE observations are reported in a digital system and can be linked to suppliers. In 2024, it became possible to generate reports per supplier and automatically notify the procurement department if any observations were made. This strengthens contract follow-up and risk-based supplier audits. Injury statistics, including injuries to suppliers' workers, are reported to the industry association, which enables comparisons to be made with other companies.

District heating business
The district heating business previously found that foreign suppliers that carry out maintenance at the Klemetsrud waste incineration plant had inadequate knowledge of Norwegian laws and regulations. In 2024, these suppliers received written guidance on laws and regulations, including taxation, HSE cards and requirements for certified training. This measure has resulted in employees complying with the HSE card requirements from the first day of work, something that was previously a challenge.

Audits and checks of suppliers

Supplier audits conducted by Achilles UNCE
The Achilles UNCE register of suppliers conducts audits of suppliers that are registered in the system. Achilles' customers nominate suppliers that they want to be audited. Achilles prepares audit reports and follows up nonconformities.

Achilles conducted a total of 40 audits of the management systems of Hafslund's suppliers in 2024, and commenced 17[108] audits in 2024 which will be completed in 2025. Achilles conducted 32[109] audits of management

[108] *Five commenced audits of suppliers to the power business, six commenced audits of suppliers to the district heating business and one commenced audit of a supplier to the growth business*
[109] *24 audits of the power business' suppliers, including 16 suppliers audited in another Achilles network that Hafslund does not oversee, and eight audits of the district heating business' suppliers.*

systems for HSE and quality, and eight[110] audits of management systems for working conditions for own employees and value chain workers. Nonconformities and observations of the management systems were found at three of the power business' suppliers and two of the district heating business' suppliers. For one of the suppliers, nonconformities were found in connection with the statutory minimum wage, see the description under Actual negative consequences.

Power business
The power business conducted a supplier audit of two companies which included health, safety and the environment in a project. The supplier audit identified nonconformities related to the suppliers' HSE documentation and HSE audits. The nonconformities are followed up further during the project. At year-end 2024, the power business had also initiated a supplier audit of the existing framework agreement that was completed in March 2025. The purpose of the assignment is to verify the supplier's compliance with the requirements for pay and working conditions.

District heating business
Hafslund carried out a supplier audit at the Klemetsrud waste incineration plant in 2024. A questionnaire concerning pay and working conditions was sent to 28 businesses, of which 68 per cent responded. Eleven foreign workers were interviewed with the help of an interpreter.

The audit revealed nonconformities relating to minimum wage and overtime payments, as well as possible nonconformities with rules concerning accommodation, the Oslo Model's requirements for permanent employment and the prohibition of the use of temporary agency work at construction sites in Oslo. A total of nine suppliers were followed up. The final extent of the nonconformities remained unclear at the end of 2024, and the supplier dialogue will continue in 2025.

The experience from the audit will be used in the preventive information work and procurement work prior to the maintenance work in 2025, as well as in the assessment of the need for a new supplier audit in 2025.

[110] *Only the power business' suppliers.*

Procurement of solar panels, inverters and services for the construction of solar parks

Hafslund has designed and tested a process for the procurement of turnkey contracts for solar parks in connection with the company's first procurements for solar parks. As part of his work, Hafslund visited other Norwegian businesses (state, municipal and private operators) to exchange experiences with the procurement of solar panels. Hafslund also met with legitimate representatives in Norway of the Uyghur population in East Turkistan and other regions in China.

During the procurement process, Hafslund carried out investigations of the supply chains and presented risk findings to our Norwegian counterparties. This formed the starting point for dialogue meetings with solar panel manufacturers, where tenderers in the procurement process also participated. The exchange of information and experience with the counterparties in procurement processes has resulted in expertise being transferred from Hafslund to Norwegian counterparties in the solar industry that have less experience and expertise in social sustainability.

The procurement process also focuses on HSE and working conditions through qualification and contract requirements.

This work resulted in:

- Increased internal knowledge about the risk landscape for solar power, including forced labour in China and violations of international law in Palestine.
- Method for due diligence and ethical purchases of solar panels and inverters.
- Transfer of expertise to less experienced actors in the solar industry.

Hafslund also participates in an industry partnership with Renewables Norway and the Norwegian Agency for Public and Financial Management (DFØ) to prepare criteria guidelines for the procurement of solar panels.

Hafslund's own experiences with the procurement of solar panels from 2024 will contribute towards this work.

Due diligence of suppliers of waste to incineration plant

Hafslund has developed a new due diligence process for waste customers that purchase incineration services. Waste customers are deemed to be suppliers pursuant to the Transparency Act. As part of the process, they visited existing and potential customers abroad to test proposals for supplier monitoring and identifying risks of modern slavery and HSE violations. No nonconformities were found with the existing customer, while potential customers had nonconformities within HSE and possible modern slavery. Since the visit there has been dialogue with the customer to exchange knowledge about modern slavery, which has contributed to better understanding of risk and mutual development of processes.

The proposal for the new process was formulated during the final quarter of 2024 and will be approved and implemented in 2025.

Due diligence of energy sources for incineration plants

The district heating business only purchases Sustainable Biomass Program (SBP) certified wood pellets as energy sources for incineration plants. In 2024, Hafslund assessed SBP's procedures and concluded that the certification safeguards basic human rights and working conditions. In 2025, Hafslund will assess the need for further measures.

Procurement processes and supplier monitoring

All of the companies have updated their standard contract templates to better protect workers in the value chain. This includes separate sections for the obligation to provide information and to ensure compliance in contract templates, in addition to the section regarding equivalent matters in Hafslund's ethical guidelines and requirements for suppliers.

The parent company Hafslund AS
Hafslund Hovedgård og Konferansesenter (Hafslund Manor & Conference Center) offers food and beverages such as coffee, tea, cocoa and fruit.

These goods are particularly associated with significant inherent risks of breaches of basic human rights and decent working conditions in the supply chain. Hafslund Hovedgård og Konferansesenter purchases Fairtrade and NytNorge (official label of origin for Norwegian food, drink, plants and flowers) products, as well as products from local producers.

Power business and district heating business
In 2024, a new digital solution was established to monitor suppliers registered in the qualification scheme and that have signed Hafslund's ethical guidelines. Status per supplier is visible in the ERP system and the administrative system for procurements.

The process of obtaining signatures from all existing suppliers on the updated ethical guidelines was commenced in 2024, and this will improve understanding and the basis for following up contracts.

Power business
The power business completed the compilation of an overarching governing document for procurement, and will continue work on this in 2025, including manuals with descriptions of processes and routines, including contract management.

Procedural descriptions for procurements were finalised in 2024, and templates for standard contracts were updated to better protect workers in the value chain. This work will continue in 2025, together with the development of a contract management manual.

District heating business
The district heating business has developed and adopted the use of a risk tool for documenting and monitoring risk assessments and measures in procurements and contracts. The tool is continually being developed.

Resources allocated to managing material impacts

All employees in the Hafslund Group who plan, implement or follow up suppliers have a responsibility to prevent and manage negative consequences. Each business area has designated coordinators and senior advisors for due diligence.

In 2024, Hafslund employed experts in human rights and HSE at Group level to ensure a coordinated approach and to increase expertise both internally and among cooperative partners. Other important functions in the due diligence work include the legal department, procurements and compliance.

In order to strengthen capacity and expertise within procurements, supplier audits and contract follow-up, Hafslund's companies have employed more resources in procurement departments and made key individuals responsible for this work.

Hafslund participates in several networks and collaborations to prevent negative impacts on workers in the value chain, including the HSE network, the sustainability network and the Norwegian Solar Energy Cluster. The purpose of this participation is to contribute to the prevention of human rights violations in the value chain through the industry's procurement processes and to share knowledge and experience across the industry. Hafslund participates in an industry collaboration with Renewables Norway and The Norwegian Agency for Public and Financial Management (DFØ) concerning criteria guidelines for procurements relating to renewable energy. The growth business is a member of Norwegian Offshore Wind and contributes to the development of HSE regulations for offshore wind, as well as an international collaboration for sharing experiences and developing HSE regulations.

Representatives from the Group regularly participate in due diligence events, including conferences and courses on human rights and working conditions. In 2024, Hafslund participated in a consultative meeting on the Transparency Act which was organised by the Ministry of Children and Families, a conference on stakeholder dialogue hosted by Amnesty International, a conference on the Transparency Act organised by the Norwegian Coalition for Responsible Business, Ethical Trade Norway's webinar on HSE in supply chains and Ethical Trade Norway's annual conference. Hafslund also attended two courses arranged by the OECD's Contact Point for Responsible Business Conduct in Norway and the Norwegian Consumer Authority on the Transparency Act and due diligence.

Approach to contradictions between commercial considerations and social sustainability

Hafslund's ambitions for profitability and growth may conflict with considerations of social sustainability in the value chain. Social sustainability is included in the strategy as a means of managing these types of conflicts, with a strategic commitment to ensuring a safe and secure working environment. In addition, Hafslund's owner, the City of Oslo, has expectations that basic human rights and decent working conditions shall be respected.

The strategy is reflected in the requirements the company sets both internally when it comes to planning work and projects, and externally to suppliers when concerning basic human rights and decent working conditions. These are requirements that can, in isolation, be costly and unprofitable in the short term, but are nevertheless implemented to prevent violations of rights in the value chain. The work on skills development and incorporating Group due diligence procedures will assist in improving this knowledge and prevent negative consequences.

Any decisions to terminate business relationships must be assessed in line with the OECD Due Diligence Guidance. This is included in the proposed Group procedure for due diligence, and otherwise follows from Hafslund's obligation to comply with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Targets and metrics

Targets related to workers in the value chain (S2-5)

It is Hafslund's objective for there to be no instances in which the Group directly causes or contributes to human rights violations.

Key indicator	Description	Unit of measurement	Target year	Target
Rights violations	No instances in which Hafslund causes, contributes to or is directly linked to human rights violations.	Num,ber	2024	00000 00000

HSE targets for value chain workers who work at Hafslund's locations align with the Group's targets for its own workforce.

Hafslund has formulated proposals for targets and metrics for workers in the value chain, with the ambition that these will be approved and implemented in 2025. The targets and metrics are based on the OECD and UN due diligence processes, and are designed to document Hafslund's compliance with due diligence requirements and negative impacts on value chain workers.

Once Hafslund has established a process for systematic stakeholder dialogue, the targets and metrics will be discussed with stakeholders. External stakeholders have thus far not been involved in assessing the achievement of targets or potential for improvement.

S3 Affected communities

Strategy

Why affected communities is a material topic for Hafslund (SBM-3)

Hafslund is part of a socially critical infrastructure and accounts for a significant part of the power and heat supply in Southern Norway. Hafslund has full or part ownership in 81 hydropower plants and three wind power plants that are spread over much of Southern Norway, as well as Norway's largest waste incineration plant and district heating plant with associated heating plants, which cover 28 per cent of Oslo's heating needs. This means that Hafslund has a significant presence in municipalities and communities in Norway. Hafslund Kraft is indirectly partly owned[111] by many municipalities in Innlandet County. These municipalities receive dividends for their ownerships. In addition, the power production makes a positive contribution to municipal economies and local communities through property tax, resource rent tax, concessionary power and taxes to host municipalities, as well as financial remuneration to landowners and licensees.

Hafslund's external risk and threat landscape requires active and ongoing preventive work with cybersecurity, information security and physical security. Hydropower also acts as a flood barrier that contributes to ensuring the safety of the local community and limits flood damage.

Regulated hydropower is expected to play an increasingly more important role in the management and prevention of flooding when there is heavy rainfall, something that is expected to occur more frequently as a consequence of climate change.

Hafslund maintains a close relationship with the host municipalities and boroughs in which our power plants operate. Hafslund seeks to engage in close dialogue with local communities, and endeavours to use local service providers and partners when this is possible. Using local service providers places less strain on the environment and local infrastructure, while also safeguarding local jobs.

At the same time, power production causes changes to landscapes that can impact various local interests such as outdoor activities (including hunting and fishing), tourism and agriculture. Being situated at or in the immediate vicinity of Hafslund's facilities entails an increased risk of injury or other undesirable incidents. This includes the risk of accidents related to live electric systems, exposure to very hot water under high pressure, unsafe ice and falling into water reservoirs, as well as the risk of physical injury/damage to people or infrastructure as a result of dam failures. There is also some risk that pollution may occur, with the resulting impact on people and the environment. Power and district heating production is therefore subject to extensive impact assessments which ensure that affected communities are taken into consideration through remediation of consequences, mitigation measures and follow-up investigations.

[111] *Hafslund owns 56.5% of Hafslund Kraft and Eidsiva Energi owns 43.5%. The company is therefore 100% publicly owned with the City of Oslo, 27 inland municipalities, and Innlandet county municipality as the underlying owners.*

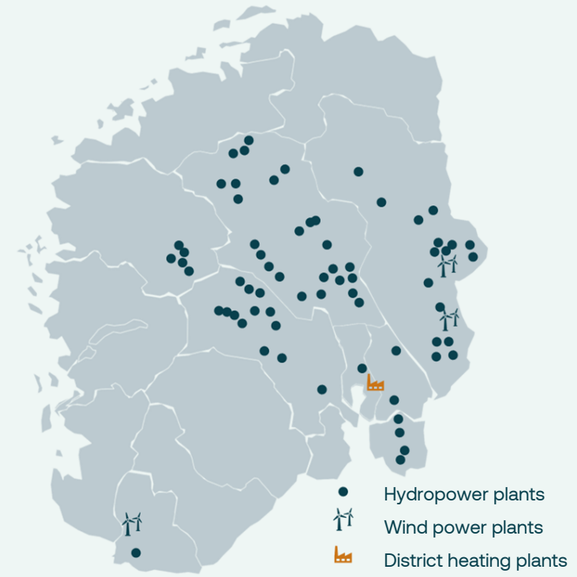
Hafslund could potentially have an indirect negative impact on local communities through the purchase of components and materials (products) made from raw materials and under production conditions that could negatively impact local communities in the global value chain[112].

Hafslund is working to develop more renewable energy and to further develop existing facilities. Good dialogue with host municipalities and local clubs and associations is an important foundation for being able to understand the perspectives of the communities located close to the facilities. When government authorities assess whether to grant a licence for new power production, they weigh up the advantages and disadvantages for the general public and private interests. Hafslund also conducts its own assessments to ensure that all affected parties and the natural environment are taken into consideration during the development process and in projects.

How Hafslund's facilities affect communities

- Hydropower plants impact the rate of flow in watercourses and water levels in regulated bodies of water.
- Hydropower regulations and transfers strengthen protection against damaging floods.
- Regulation of watercourses and hydropower reservoirs impact fishing, movement, ice formation and other use of freshwater deposits.
- Power plants require roads that are in themselves a physical encroachment on nature, but which can improve access to mountains and nature.
- Regulating watercourses can result in variations in the rate of flow, which may in turn cause damage.
- Power plants are large physical installations, which can be visible and impact outdoor experiences, and can limit movement.
- Power plants produce high voltage electricity. Electrical systems on and around the power plants may present a risk of personal injury.
- Power plants have employees who live, work and pay tax locally. The construction, operation and maintenance of power plants require procurements of goods and services.
- The production of district heating is largely based on surplus energy. Intermediate load and peak load are required when there are low temperatures and customers have greater demand for heating. This production involves increased heavy transport to local energy centres.

Hafslund's power production and district heating production are mainly present in Southern Norway. The map shows the Group's hydropower, wind power, and district heating facilities. The hydropower plants are where Hafslund has operational control. The facilities highlight where Hafslund's impact on local communities is greatest.



[112] *See Chapter S2 Workers in the value chain for more information concerning the risk of negative impact on local communities in the value chain.*

Managing impacts, risks and opportunities

Policies for affected communities (S3-1)

Being part of the power sector, Hafslund is covered by an extensive set of rules that safeguard private and public interests. Power production requires authorisation - a licence - from the government, and there are usually conditions linked to this authorisation that apply to local interests. Local communities and municipalities are afforded clear rights in the legislation, and have both decision-making power and the right to be heard. These government processes are Hafslund's starting point when working with affected communities.

Some of the most important laws, regulations and administrative bodies that regulate the impact on affected stakeholders are:

Regulations relating to Impact Assessments:	Ensure that environmental and societal concerns are considered during the preparation of plans and measures, and when deciding whether and under what conditions plans or measures can be implemented.
Energy Act:	Ensures that the production, transformation, transmission, sale, distribution and use of energy take place in a socially rational manner, including taking into account public and private interests that are affected.
Water Resources Act:	Ensures socially proper use and management of watercourses and groundwater.
Watercourse Regulation Act:	The country's hydropower resources shall be managed and utilised in the best interests of the general public. The Act shall ensure that watercourse regulations and transfers collectively contribute to good security of supply for electrical energy in Norway.
Waterfall Rights Act:	The country's hydropower resources belong to and shall be managed in the best interests of the general public. This shall be ensured through public ownership at central government, county and municipal levels.

In addition, the Planning and Building Act, the Cultural Heritage Act, the Pollution Control Act, the Natural Diversity Act, the Exproproation Act and the Emergency Preparedness Regulations guide Hafslund's work with and around affected local communities.

Hafslund's sustainability policy shall ensure that the Group operates in accordance with international social standards (see introduction to Social information). Hafslund has not identified any violations of human rights or other social rights (minimum social safeguards) related to affected communities in 2024. The Group's work on human rights in the value chain is described in S2 Workers in the value chain.

In addition to the Group sustainability policy[113], the principles in the Group policy for communication and framework conditions provide specific guidelines for S3 Affected communities. The guidelines build upon the framework that the aforementioned system of rules set for Hafslund. Local communities shall be given the opportunity to be involved in commercial activities that concern them in a manner and at a point in time where their input can be taken into account.

Internal control

Owners of watercourse installations are obligated to establish internal controls and engage in continuous improvement work, cf. Section 1 of Regulations relating to internal quality control to comply with watercourse legislation, and Section 3-7 of the Energy Act Regulations. The objective of a large part of this system of rules is to safeguard public interests, with a particular focus on safety and the environment. Hafslund complies with these obligations through its own internal control routines, which are regularly revised. These internal controls include an overview of the current system of rules and own governing documents, as well as an overview of roles and responsibilities.

Processes for engaging with affected communities about impacts (S3-2)

Hafslund has regular dialogue with municipalities across large parts of Southern Norway. This is both for formal reasons and for practical coordination. Hafslund is a corporate citizen at the locations where the Group operates, and this requires continuous dialogue with the

[113] *See introduction to Social information*

municipalities associated with the Group's own operations. Trust and transparency are fundamental to Hafslund's interaction with the municipalities that host the Group's power plants.

This interaction takes place both with members of the local communities themselves and with representatives such as mayors and municipal and district administrations. Local acceptance is crucial to the manner in which Hafslund operates its facilities and the Group's plans for new and upgraded power plants. Laws and government practices provide local communities with good opportunities for exchanging opinions, and a primary goal of government regulation of the power sector is to protect public and private interests.

Hafslund has limited dialogue with affected communities associated with the value chain. It is expected that this will increase as a result of the work on stakeholder dialogue with value chain workers in 2025[114].

Dialogue meetings

Hafslund conducts regular dialogue meetings with elected officials and administrations in districts and host municipalities. Hafslund is represented by either the Chief Executive Officer or Chief Operating Officer for the power business. In 2024, Hafslund held five dialogue meetings with a total of 30 municipalities. Notice of these meetings is provided well in advance and agendas are distributed prior to the meetings being held. Hafslund's organisation, management team, values and plans are presented at these meetings. The purpose is to facilitate a professional exchange of views. Notification and predictability provide the opportunity for participants to raise relevant issues.

Example: In 2024, Hafslund acquired Tonstad Vindkraft AS, a wind power plant in Sirdal and Kvinesdal municipalities. It has been a high priority to make ourselves known to the municipalities and establish a dialogue. Hafslund has had talks with the municipalities through consultations and other meetings that have addressed topics such as recreational use and hunting in the area.

[114] *See Procedures for contact with workers in the value chain regarding impacts.*

Hafslund's approach to new projects

Hafslund views the municipality as an important partner for the development of new power. It is the Group's wish to inform the municipality as early as possible in order to develop projects that are welcome in the local community. The manner in which this takes place in practice is summarised in the following table:

When Hafslund is working on developing new projects for power production, it is important for the Group that:

- Development of new power production shall largely take place on the landowner's terms.
- Hafslund shall be accessible to landowners, neighbours and the municipality through a named contact person.
- Hafslund shall inform the municipality as soon as there is a specific idea regarding new power production.
- Hafslund listens to the views of the municipalities.
- Hafslund assists the municipality by providing its own knowledge and taking part in open meetings with representatives of user interests.
- Hafslund is open about its own trade-offs and assessments.
- Hafslund will facilitate dialogue on the development of factual data, and will work towards having a transparent knowledge base.
- Hafslund collaborates with partners that provide greater local understanding, establishment and value creation.
- Together with partners, Hafslund has ambitions to own wind projects that are in the process of being developed to thereby enable landowners and the municipality to deal with the same owner throughout the lifecycle of a project.

New hydropower

New hydropower development must take place based on what has been done before, and most opportunities for new hydropower exist in connection with existing power plants. When developing new hydropower, Hafslund informs the municipality at an early stage and before the formal processes commence. In 2024, Hafslund had dialogue with Aurland municipality regarding a possible new power plant at the bottom end of the Aurland system. Input from the municipalities is being taken into account in the continued development process.

New production – solar and wind power
Hafslund is developing projects within new solar and wind power through partnerships with companies which hold values that are similar to those held by Hafslund. Hafslund recognises that solar and wind power projects can have a major impact, both negative and positive, on local communities and municipalities. In Norway, this is also reflected in the government's approach to the statutory involvement of municipalities and other local stakeholders. Hafslund believes that the early involvement of municipalities and local communities results in better projects. Hafslund therefore actively works on dialogue with landowners, municipalities and other interests in the Group's projects from the early concept phase to construction, and further into the operational phase.

Wind power is a particularly relevant and widely discussed topic in Norway, and the municipality is therefore contacted at an early stage of a wind power project in order to be informed about the work. Hafslund is clear that the development of new renewable energy shall take place on the landowner's terms, and in dialogue with local communities and other local user interests. Involvement of local communities takes place through ongoing meetings with political parties in the municipality, meetings with the administration, and through widely announced and open information meetings with the local population. Hafslund has also chosen to arrange these types of dialogue meetings before the government processes have started. The input obtained here influences how the projects are developed going forward. Among other things, Hafslund (together with Eidsiva and Skagerak Energi) reduced the number of planned wind turbines for a planning initiative for Froland municipality in 2024 as a result of dialogue with politicians and residents of the municipality.

Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)

Flood management, dam safety and emergency response
Hafslund is an emergency response organisation that administers watercourse regulations and power plants that are important for maintaining a robust power system. Watercourse regulators have a particular responsibility to help to reduce floods. The dams that Hafslund manages not only represent opportunities in the form of power production, balance services and flood mitigation but also represent risks to local communities through the dams downstream. A dam failure can be extremely serious, which is why dam safety is a very high priority at Hafslund and the business is subject to strict regulations in this area.

As a result of the extreme weather event "Hans" in 2023, Hafslund experienced a rupture in the dam at Braskereidfoss power plant. Hafslund has since had close dialogue with the municipality in the work of rebuilding the power plant, particularly in relation to the restoration of the road connection across the dam. Through dialogue with the local community, it emerged that restoration of the road connection was important to the local residents. Hafslund applied for an exemption from requirements in the Dam Safety Regulations to dimension the dam for accident loads in order to construct a dam with a road in 2024, and has now been granted the necessary exemption. This ensures that the dam will be dimensioned for a rate of flow equal to that of a thousand-year flood and will better protect the surrounding community from possible damage.

The relevant systems of rules set high standards for Hafslund in terms of protecting information, services, systems, power stations and production facilities. Digital and physical security are a prerequisite for ensuring there is confidence in Hafslund's ability to provide society with a continuous supply of power and to retain the trust of host municipalities, owners, customers, partners and own employees. Everyone needs to be confident that Hafslund fulfils its statutory and regulatory obligations, and that the Group has established measures to ensure the protection of the confidentiality, integrity and availability of the Group's information, services, systems and production facilities.

District heating business and its interaction with neighbors
Hafslund's facilities used for waste incineration and district heating activities are often located in close proximity to built-up areas. The

company's goal is to cause the least possible inconvenience to neighbours. The business is governed by environmental impact regulations and requirements and is obligated to report to the applicable authorities in the event of any violations. If neighbours or other stakeholders experience disadvantages from the company's locations, the company has its own channels and procedures available for such incidents. All inquiries will be recorded, reported and followed up.

In 2024, there have been some cases of leakage in the secondary network in Oslo, which has caused damage with moisture penetration into homes and storage rooms. Hafslund has followed up with repairs after damage or payment of compensation according to a report from an appraiser if the customer has wanted to repair it on their own. None of the cases have resulted in lawsuits or consumer cases, and all have been resolved directly between the customer and Hafslund.

Notification of concerns from affected communities

In order to identify, report and investigate concerns related to affected communities, Hafslund has a whistleblowing system that will also safeguard this stakeholder group. Hafslund has also established dialogue with communities located around the facilities. Reports of censurable conditions can be made via Hafslund's whistleblowing channel, which is available to external parties at hafslund.no and whistleblowers are protected in accordance with the whistleblowing procedures. There is uncertainty regarding the extent to which local communities are familiar with the whistleblowing channel and the options for reporting concerns. The whistleblowing channel and associated routines are further discussed in G1 Business conduct.

Hafslund does not have a Group-wide process for ensuring the systematic follow-up and consideration of input from local communities. Establishing this will be part of the work to systematise Hafslund's approach to stakeholder dialogue in 2025. There will also be an investigation of the types of signs and information found at the different locations that are intended to prevent harm to third parties. Hafslund's most important stakeholders and how these stakeholders influence the business are described in the introductory chapter to sustainability reporting (overview of Hafslund's most important stakeholders).

The work on stakeholder dialogue with value chain workers (refers to S2 Workers in the value chain) in 2025 will include affected communities in the value chain, since these overlap to a large extent with the production of, among other things, materials and components.

Actions and resources related to affected communities (S3-4)

Information security and privacy management system

Hafslund's management of information security and privacy is carried out through a management system based on the internationally recognised ISO27K standard. The management system defines and describes Hafslund's policy and strategy for information security and privacy, and sets the framework for how the Group will achieve adopted security goals and fulfil its obligations in laws and regulations, as well as meet the requirements and expectations of stakeholders. This will ensure that the Group has a structured and holistic approach to work with information security and privacy, with requirements for methods, processes and measures for protecting the Group's digital and physical assets. Risk-reducing measures include exercises on cyber attacks, emergency preparedness and incident management, and modernization of IT and OT systems. Implementation and compliance control are followed up through own and independent audits and supervision, as well as security tests.

In light of a more turbulent worldview and Hafslund's socially critical infrastructure, "Security Month" was re-implemented across the Group in October 2024. Activities were carried out with the aim of increasing engagement, knowledge and creating awareness around digital and physical security. Among other things, several tests were carried out on employees, simulations of cyber incidents and penetration tests at locations and facilities.

Considering input from local communities in the project model in the growth business

A measure for considering input from affected communities is the development of a work methodology for new solar and onshore wind projects (see E4 Biodiversity and ecosystems). Local communities associated with the projects shall be involved to ensure that input is captured and addressed appropriately in all projects.
It is Hafslund's experience that the early involvement of local communities leads to more successful project development. This particularly relates to the local community's need to protect nature and opportunities in their local area.

Local value creation, including employment and sponsorships

The operation of wind and hydropower plants generates significant value, which is distributed between the central government, county and municipality. Hafslund sponsors causes that align with its vision, values or strategic objectives. Priority is given to clubs and associations that are involved in sporting, cultural and outdoor activities in the areas where Hafslund operates. By providing sponsorships, the Group's goal is to contribute towards creating good experiences and safe and healthy communities, with a particular focus on children and young people. Hafslund also supports activities with an environmental focus that contribute to sustainability, as well as stakeholders that enhance expertise and innovation at renowned educational institutions.

Hafslund's sponsorship partners in 2024 included:

- *Association for the Promotion of Skiing (Skiforeningen):* Hafslund is the main sponsor of the Association for the Promotion of Skiing (Skiforeningen) with whom there is collaboration on measures for more sustainable operation of skiing areas. In 2024, the construction of a solar cell system was initiated at Vangen Skistue resort in Østmarka, which will become self-sufficient in renewable energy during 2025.
- *Klemetsrud IL:* Hafslund's waste incineration plant at Klemetsrud is a major process industry operator that is located close to a residential area. Over time, a constructive dialogue has been developed with volunteer and sporting organisations in the surrounding area, and Hafslund's contributions include the Hafslund Academy in collaboration with Klemetsrud IL. The Academy is a free football academy for children in 5th-7th grade to offer a safe and good meeting place after school. Sports hold an important position in the local community and Hafslund also contributes to other events. In connection with the development of the area where the sports fields were relocated, Hafslund contributed to the building of a new grandstand in 2024.
- *SF Grei:* Hafslund is the main sponsor of the Hafslund Cup, a football cup competition organised by SF Grei in Groruddalen for boys and girls aged 8-13.
- *Centrum Tigers:* In 2024, Hafslund was a partner of Tiger Talks, a conference on diversity and integration organised by Centrum Tigers in Oslo.

In addition to sponsorships, Hafslund also contributes to a number of events. In 2024, this contribution specifically related to Hafslund's mobile charging trailers that can supply electricity. The battery trailer helped mitigate the peak loads experienced at the Tons of Rock and Øya music festivals by supplying electricity to the Tons of Rock bar and the "Shopping Street" at the Øya festival. At the Vinjerock festival, the battery provided free charging for employees' cars. The charging trailer has the capacity to fully charge four to five cars.

Targets and metrics

Targets related to monitoring impacts, risks and opportunities (S3-5)

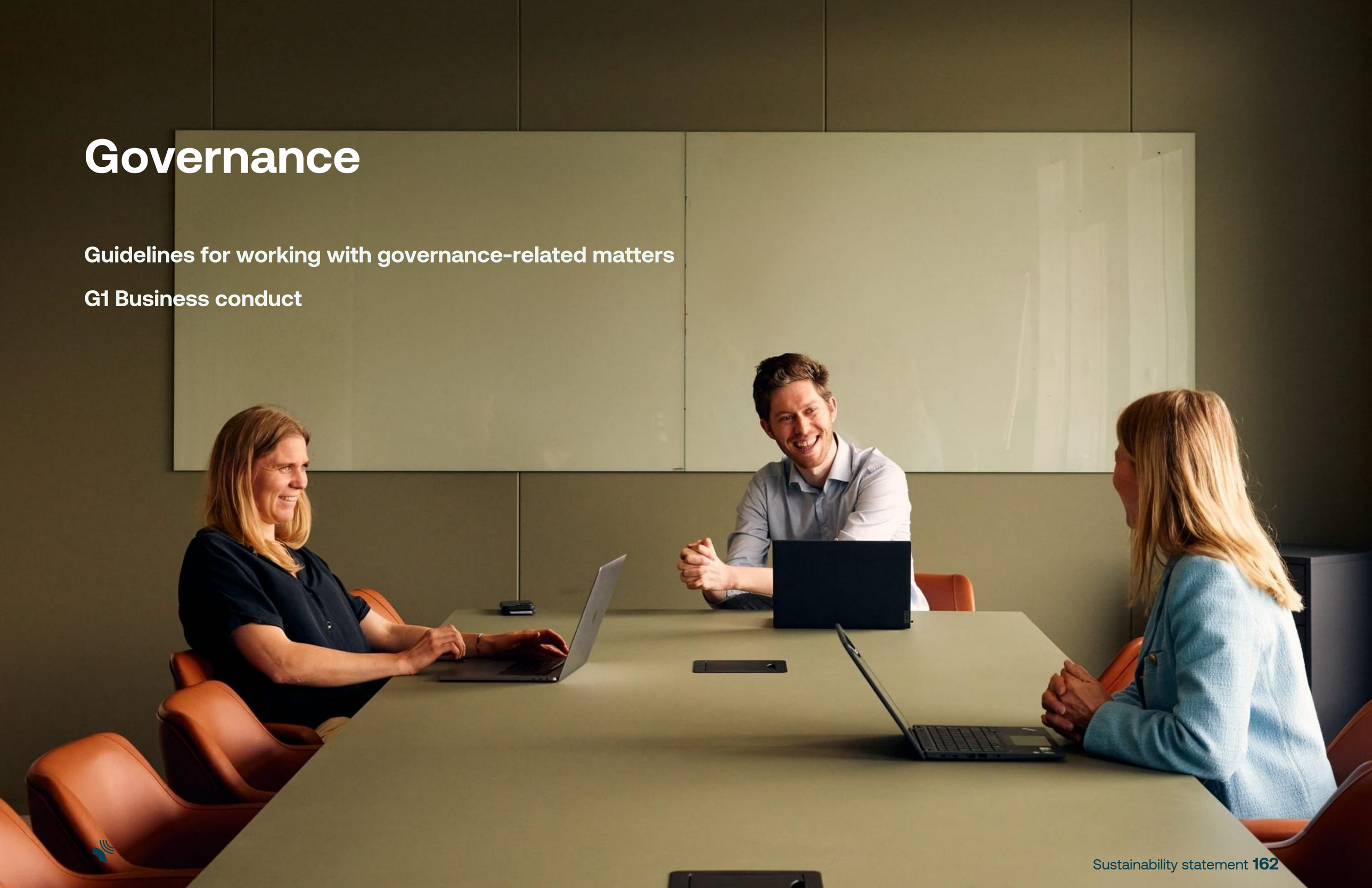
Hafslund's principle is to have constructive dialogue and interaction with stakeholders, and to contribute to creating lasting value in its affected communities[115]. The Group has no formal targets related to monitoring the effect of policies and actions for S3 Affected communities, nor was it deemed appropriate to formulate such targets in 2024. However, the obligations set for the Group through its governing documents manifest themselves in day-to-day operations and in the follow-up of the company's affected communities in what Hafslund considers to be a value-based approach. This approach is largely based on government processes that are followed[116] and Hafslund's experience with implementing projects and operating the power plants[117].

[115] *See General information and introduction to Social information for more information about the obligations in Hafslund's ethical guidelines.*
[116] *See Policies for affected communities for the government processes upon which Hafslund bases its approach*
[117] *See Processes for engaging with affected communities about impacts*

Governance

Guidelines for working with governance-related matters

G1 Business conduct



Governance

Guidelines for working with governance-related matters

In order to ensure that the Group is committed to governance-related matters, Hafslund has established guidelines that are intended to safeguard the work on business conduct. The guidelines apply to the topic G1 Business conduct, and provide instructions on how Hafslund should act in accordance with laws, rules and ethical principles.

Ethical guidelines

Hafslund is obligated to act in a sustainable, profitable, ethical, safe and responsible manner. The ethical guidelines clarify the Group's obligations to comply at all times with laws and rules, and act in accordance with the framework conditions for the business. The following principles are of key importance to business conduct:

- Conflicts of interest and challenges relating to impartiality must be identified and handled in a responsible manner.
- Hafslund has a zero-tolerance policy towards corruption and other forms of financial misconduct.
- Hafslund's main rule is to refrain from receiving, giving or offering commercial benefits.
- Hafslund shall be part of a responsible and sustainable value chain, and expects business associates to share these attitudes towards ethics and compliance, to comply with applicable legislation, and to combat corruption and fraud.
- Hafslund does not make any financial or other contributions to political parties, party members or election candidates. However, Hafslund may still be a member of special interest groups that are relevant to the industry and promote Hafslund's interests in public discourse.

Ethical guidelines and requirements for suppliers

Hafslund requires that its suppliers comply with the applicable regulations in the countries in which they operate, and that no legal violations are committed. Suppliers must specifically adhere to competition laws and comply with obligations pertaining to tax. Hafslund places an emphasis on a high level of professional integrity, good business conduct and responsible and sustainable business. The Group works to prevent corruption and expects the same from its suppliers.

Hafslund specifically expects its suppliers to have a high level of professional integrity, ethical standards and good business conduct, to act in a professional and responsible manner, and ensure impartiality and establish requirements for any production, safeguard privacy and information security concerns, and have good whistleblowing procedures for censurable conditions.

Group sustainability policy

Hafslund's sustainability policy sets the direction for how the Group works with governance-related matters. The following principles act as guidelines[118]:

- Hafslund has a zero-tolerance policy towards corruption or bribery.
- Hafslund shall not employ the use of aggressive tax planning to pay less tax, nor shall the Group have a presence in tax havens.
- Failure to comply with Hafslund's policies can be reported to one's immediate supervisor, safety representative or anonymously through the company's whistleblowing channel.

The operationalisation of the governing documents is described in the Guidelines for good business conduct and corporate culture.

[118] *In addition to the principles in General information (ESRS 2).*

G1 Business conduct

Strategy

Why business conduct is a material topic for Hafslund (SBM-3)

Hafslund takes its social mission seriously and acts in a manner which ensures that the Group fulfils its responsibilities. Emphasis is placed on a high level of professional integrity, good business conduct and a responsible and sustainable business. The corporate culture is based on the Group's values ("open", "responsible" and "innovative"), which guide how the entire Group shall conduct itself. Hafslund is committed to maintaining high ethical standards in all business operations, has a zero-tolerance policy for corruption, and shall work actively with ethics and anti-corruption.

Hafslund currently has no known cases of corruption. Important risk factors are inadequate information about and access to whistleblowing channels, insufficient training in ethics and anti-corruption, and an absence of control mechanisms for identifying potential cases of corruption. Corruption can be linked to the supply chain, own operations or through bilateral agreements.

Norway has some of the world's strictest anti-corruption laws. Businesses that do not actively prevent corruption risk corporate penalties. Pursuant to the Norwegian Penal Code, corruption is punishable by a fine or imprisonment for up to three years and for up to ten years in the case of aggravated corruption.

Using pre-qualified suppliers and framework agreements will help to reduce the risk of corruption Using pre-qualified suppliers and framework agreements will help to reduce the risk of corruption and bribery. Management systems have been established for power trading that address the risk of corruption, money laundering and other matters relating to ethical business operations.

Hafslund works systematically by actively participating in the debate on framework conditions and energy development. Successful work with framework conditions that facilitate increased renewable power production, waste management, district heating and cooling, carbon capture and storage, as well as the development of grid capacity, can be crucial for profitability and long-term value creation.

Managing impacts, risks and opportunities

Guidelines for good business conduct (G1-1)

The ethical guidelines are communicated throughout the entire Group via Hafslund's digital interaction platform. All employees must review and sign Hafslund's ethical guidelines upon commencing employment and each year thereafter. Training and dilemma training related to business conduct were conducted in a number of entities in the business during the reporting period.

In order to identify, report and investigate concerns relating to unlawful conduct and conduct that violates the Group's ethical guidelines, Hafslund has established a whistleblowing system. Hafslund's whistleblowing system, which includes whistleblowing procedures and whistleblowing channels, was reviewed in 2024. All Hafslund employees are encouraged to report suspected breaches of Hafslund's ethical guidelines. Employees can notify their manager, a higher-level manager, the HR department, the Group compliance function, a safety representative or an elected representative. Reports can also be made via Hafslund's digital whistleblowing channel, which is also available to external parties. Hafslund's whistleblowing channel is administered and operated by an independent third party and is made available on both the intranet and hafslund.no.

Hafslund handles and follows up all reports in line with Hafslund's whistleblowing procedure. A Whistleblowing Committee has been established, which is a centralised body that receives and handles reports throughout the entire Group. The Whistleblowing Committee consists of the Chief Compliance Officer for the Group, HR Director, and two representatives of the HR Department. The members of the Whistleblowing Committee must always consider their impartiality when handling and investigating specific whistleblowing matters. All enquiries are treated confidentially, irrespective of anonymity and reporting channel. The person who submits a report in line with the rules is protected against any adverse action or omission as a result of having reported the matter. Hafslund does not tolerate any form of retaliation against a person who has expressed concern related to censurable conditions in Hafslund's business.

In 2024, Hafslund conducted a Group-wide risk assessment related to corruption and financial misconduct, including bribery. The risk assessment identified the risk of corruption and financial misconduct in connection with procurements, gifts and hospitality, sponsorships, transactions and other forms of interaction with third parties, including the risk of inadequate management of challenges relating to impartiality and conflicts of interest. Based on the risk assessment, measures will be initiated during 2025 to establish a Group-wide anti-corruption programme to strengthen Hafslund's efforts to combat corruption and financial misconduct.

Managing connections with suppliers (G1-2)

Hafslund's management of supplier relationships is maintained by the Group's procurement departments. Hafslund's procurement principles are regulated in Hafslund's ethical guidelines and Group procurement policy[119]. Procurements must take place in line with the principles of equal treatment and predictability, and must safeguard competition. Requirements and criteria for the selection of suppliers and tenders shall be factual and objective. Risk assessments and due diligence must be carried out for the supply chain. These assessments include human rights and workers' rights. Climate and environmental considerations must be considered in all procurements. Only biofuel suppliers with sustainability certification are used in the district heating supply chain. More detailed information can be found in the section E5 Resource use and circular economy.

Hafslund has established Ethical guidelines and requirements for suppliers. These must be signed by all suppliers. The guidelines were revised in 2024 and set requirements for the supplier to safeguard fundamental human rights and decent working conditions, protect the climate and environment, and adhere to business ethics and principles for responsible business. The guidelines ensure Hafslund's right to conduct audits and on-site controls of suppliers.

The finance departments across Hafslund's business areas have established guides which have the objective of ensuring that payments are made in a timely manner, to the correct recipient and at the correct amount.

[119] *See introduction in Social information.*

Prevention and detection of corruption and bribery (G1-3)

Hafslund has a zero-tolerance policy towards corruption and bribery and actively works with ethics and anti-corruption. The principle of zero tolerance for corruption and bribery is established in Hafslund's ethical guidelines and Group sustainability policy[120]. The ethical guidelines also include rules for gifts, hospitality, conflicts of interest and challenges relating to impartiality. The guidelines apply to all companies in the Hafslund Group and to all people working for Hafslund, irrespective of location. This includes employees at all levels, board members, contracted personnel, advisors and others acting on behalf of or representing Hafslund. The ethical guidelines have been adopted by the Board of Directors and the Hafslund Group Board of Directors has ultimate responsibility for ensuring that Hafslund operates in line with the ethical guidelines. The CEO of Hafslund is responsible for ensuring that the business is operated in line with these guidelines, and that the Group's employees comply with the guidelines.

Hafslund conducts risk assessments and due diligence of its value chain that include assessing the risk of corruption, and has established ethical guidelines and requirements for suppliers that include requirements for ethical business operations, including requirements for measures to combat corruption. All suppliers and their subcontractors must conduct their activities in accordance with nationally and internationally recognised principles and guidelines relating to corruption. Hafslund has implemented the Oslo Model, which is a collective term for a number of good practice provisions that are incorporated into contract terms for the purchase of goods and services, and building and construction. The power business has established special procedures for Know Your Customer (KYC)/ counterparty control when entering into bilateral agreements.

Various training initiatives are among the steps taken to prevent corruption and financial misconduct. In 2024, e-learning on corruption was carried out across the entire Group, with a completion rate of 90 per cent. Dilemma training related to ethical business operations was also conducted in various entities of the business. An emergency response exercise focussing on financial crime was carried out during the reporting period.

All Hafslund employees are encouraged to report suspected corruption and other violations of Hafslund's Ethical Guidelines. Employees can notify their manager, a higher-level manager, the HR department, the Group compliance function, a safety representative or an elected representative. Reports can also be submitted via Hafslund's whistleblowing channel, which is also available to third parties. Hafslund's whistleblowing channel is available both on the intranet and at hafslund.no.

Hafslund handles and follows up all reports in line with Hafslund's whistleblowing procedures. In accordance with these procedures, the CEO and managing director of the respective subsidiary must be informed and consulted. For matters of a serious nature, the Group and/or the respective Board of Directors of the subsidiary may also be involved. The Group compliance function informs the Group management team and the Group Board of Directors in its half-yearly reporting.

Targets and metrics

Instances of corruption or bribery (G1-4)

Hafslund had no confirmed incidents of corruption or bribery during the reporting period.

Political influence and lobbying activities (G1-5)

Hafslund is politically neutral. However, Hafslund still recognises the importance of interacting with government authorities and other relevant stakeholders when concerning the business' framework conditions, for understanding the ongoing social debate within relevant fields, as well as developing various political initiatives that are of relevance to the business and sector. Hafslund has contact with political decision-makers and

[120] *Read more about Hafslund's overarching governing documents in the General Information chapter.*

government authorities to ensure support for the business, express Hafslund's position on relevant issues and promote Hafslund's interests in social discourse. Hafslund does not make financial or other contributions to political parties, but promotes its views either through direct interaction with government authorities, stakeholders or other interest groups, or through various industry associations.

At Hafslund, the work on interacting with government authorities and political decision-makers is delegated to the entities for framework conditions, which report to Group management. Hafslund has dialogue with relevant government authorities through the company's Board Chair, CEO and Group management team, as well as entities for framework conditions, and also provides input through consultation responses and initiatives across the industry. Hafslund's contact with political decision-makers primarily involves the development of competitive, stable and predictable framework conditions, taxes, dividend policies and laws that affect our business activities.

Hafslund takes a transparent approach to this work and is fully transparent about meetings and processes. Hafslund is registered in the EU Transparency Register. Hafslund's identification number in the register is 679523249026-20. Hafslund Celsio's (district heating) identification number is 557147049763-45.

Hafslund was involved in the following matters during the reporting period:

Framework conditions for district heating

The following specific topics were of particular importance to Hafslund in 2024:

- **Energy labelling scheme**: Change to the present energy labelling scheme and new proposal from the Ministry of Energy to enable buildings heated with district heating to be equated with heat pumps. With the new proposed scheme, even new buildings heated with district heating will not be able to achieve an 'A' energy rating.
- **The CO_2 tax**: While awaiting the incorporation of waste incineration into the ETS, reduce the waste incineration tax to a level that does not exceed the actual tax level in Sweden. This will ensure more equal competition and provide the Norwegian waste incineration industry with more reasonable framework conditions.
- **Electricity support scheme**: The revenues of district heating companies are severely limited because no compensation is provided for lost revenue. The ceiling for the district heating price is set through the provisions in the Norwegian Energy Act, i.e. equal to the starting point for the electricity support scheme, while the costs borne by the district heating companies are set by the market. The district heating companies should be treated equally to the power companies. This way, incentives to expand district heating are maintained, which is important for increasing the readiness of the energy system.

Hafslund has become involved in the framework conditions for district heating because, at present, these conditions, both collectively and individually, are highly unfavourable for both Hafslund and the industry as a whole.

Power and climate

Greater understanding that more power and grid capacity are required in Norway to achieve the climate targets and ensure that industry is supplied with sufficient power, particularly in Eastern Norway. The following specific topics have been of particular importance to Hafslund:

The need to develop more hydropower, onshore wind and offshore wind: Hafslund has participated in the debate on why Norway needs more renewable energy and the framework conditions that are required for Norway to achieve these ambitions. Hafslund has, through processes such as political meetings, submission rounds and consultation responses, advocated for expediting licensing processes for hydropower, measures for local support and increased knowledge about wind power, and correctly formulated support schemes for offshore wind.

Hafslund has become involved with this issue because it forms the core of our business. Hafslund has also become involved in order to achieve the company's commercial objective of further developing power production towards 2035, including for both hydropower and wind power.

Nature policy

The Norwegian Government's work on a new Nature Policy as part of the Global Agreement for Nature towards 2030 needs to contribute to providing predictability for the industries.

Hafslund has become involved with this because the company recognises and agrees that an ambitious Nature Policy is necessary for increasing the legitimacy of industries that use natural resources to create value. At the same time, it is crucial for Hafslund's business that the Nature Policy is predictable and thereby contributes to our goal of developing new power production and upgrading existing power plants in a sustainable manner.

Carbon capture and storage (CCS)

Dialogue with government authorities on renewed support agreement for realising carbon capture at the waste incineration plant for the district heating business at Klemetsrud.

Hafslund has become involved with this because carbon capture and storage at Klemetsrud is the largest investment project in the company's history, with a cost framework of close to NOK 9.5 billion. The project is not only an investment in the future of a significant portion of Hafslund's business but also for achieving national and local climate targets. If carbon capture at the source of Oslo's largest point emissions of CO_2 is not realised, the City of Oslo will not be able to achieve the climate targets in 2030.

Payment practices (G1-6)

Hafslund's standard terms of payment for invoices are 30 days. The average payment period for invoices received is less than 30 days for the companies in the Hafslund Group. For the companies in the Group, approximately 90 per cent of all invoices, including in terms of both amount and quantity, have standard payment terms.

The Hafslund Group has no ongoing litigation resulting from delayed payments.

Hafslund AS

Oslo, 3. april 2025

The Board of Directors

Jarle Roth
Chair of the Board

Halvor Kr. Halvorsen

Hilde Veum-Wahlberg

Maria Tallaksen

Bjørn Erik Næss

Bård Vegar Solhjell

Håkon Rustad

Kristin Færøvik

Finn Bjørn Ruyter
CEO

Definitions and alternative performance measures (APM)

Definitions and alternative performance measures

Measure	Definition
EBITDA	Operating profit/loss + depreciation
Net interest-bearing debt	Gross interest-bearing debt - interest-bearing receivables - bank deposit - money market funds
Capital employed	Equity + net interest-bearing liabilities + Tax payable
ROE	Profit after tax/ Equity
ROCE	Operating profit/ Capital employed
Debt/EBITDA	Net interest-bearing debt / EBITDA
FFO/Debt[121]	(EBITDA - Net interest paid - taxes paid) / Net interest-bearing debt
Hydropower production	Total production in power plants in TWh
Achieved power price	Power production sold in spot market, industrial contracts and concessionary power, and realised results from financial power hedging
Direct heating sales	Total district heating volume sold in GWh
Underlying results	Result corrected for non-recurring items and unrealised changes in value

NOK million	31.12.2024	31.12.2023
GROSS AND NET INTEREST-BEARING DEBT		
Long-term interest-bearing debt	18,498	16,184
Value change loan portfolio	129	109
Short-term interest-bearing debt	4,369	4,280
Gross interest-bearing debt incl subordinated debt	**22,997**	**20,573**
Cash and Cash equivalents	8,306	10,239
Other long-term interest-bearing receivables	740	726
Net interest-bearing debt	**13,951**	**9,608**
CAPITAL EMPLOYED		
Equity	47,930	46,706
Net interest-bearing debt	13,951	9,608
Taxes payable	5,068	7,365
Capital employed	**66,949**	**63,679**

[121] *The definition of FFO/Debt has been changed from taking info account interest paid to taking into account net interest paid. This is done to better reflect the cash inflow the Group receives from its cash balance.*

Definitions and alternative performance measures

NOK million	2024	2023
UNDERLYING PROFIT		
Operating profit (EBIT)	9,130	13,862
Value changes in power price and foreign exchange contracts	-6	-1,078
Value adjustments on financial liabilities related to power production	131	-95
Result share Eidsiva Energi - higher or lower revenue after tax	-50	93
Fair value adjustment financial power obligations	-65	-485
Sale of Hafslund Fiber	-419	
Underlying operating profit	**8,721**	**12,297**
Profit after tax	3,757	5,153
Value changes and one-offs operating profit	-409	-1,369
Tax effects adjustments and one-offs	61	301
Underlying profit after tax	**3,409**	**4,085**
ROCE		
Operating profit (EBIT)	9,130	13,862
Capital employed	66,949	63,679
ROCE / return on capital employed	**13.6 %**	**21.8 %**
ROE		
Profit after tax	3,757	5,153
Equity	47,930	46,706
ROE / return on equity	**7.8 %**	**11.0 %**

NOK million	2024	2023
DEBT / EBITDA		
Net interest-bearing debt	13,951	9,608
EBITDA	10,321	15,130
DEBT / EBITDA	**1.4**	**0.6**
FFO / DEBT		
EBITDA	10,321	15,130
Net interest paid	-714	-700
Taxes paid	-7,117	-13,838
Net interest-bearing debt	13,951	9,608
FFO / debt	**18%**	**6 %**

Consolidated financial statements 2024

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Consolidated statement of comprehensive income

1 January - 31 December

NOK million	Note	2024	2023
Sales revenue	2.2	13,395	17,349
Other gains/losses	2.2	580	1,171
Other operating revenue	2.2	196	177
Revenues and other income	2.2	**14,172**	**18,698**
Energy purchases and transmission costs	2.3	-1,254	-1,486
Salary and other personnel costs	2.4	-1,221	-1,060
Property tax and other imposed costs	2.5	-762	-536
Other operating costs	2.6	-970	-1,081
Profit/loss from associates and joint ventures	3.5, 3.6	356	595
EBITDA		**10,321**	**15,130**
Depreciation and amortisation	3.1 - 3.4	-1,191	-1,269
Operating profit (EBIT)		**9,130**	**13,862**
Interest income	5.13	356	448
Interest expense	5.13	-1,104	-1,089
Other finance income/costs	5.13	347	411
Net financial items	5.13	**-401**	**-230**
Profit before tax		**8,729**	**13,631**
Income taxes	6.1	-4,972	-8,478
Profit after tax		**3,757**	**5,153**
PROFIT ATTRIBUTABLE TO			
Owners of the parent company		2,955	4,273
Non-controlling interests	8.2	802	880

NOK million	Note	2024	2023
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS			
Hedging reserve	5.6	890	2,791
Income tax effects	5.6	-337	-1,219
Translation differences on associates and joint ventures	3.5	9	50
Total items that may be reclassified to profit or loss		**562**	**1,622**
ITEMS THAT MAY NOT TO BE RECLASSIFIED TO PROFIT OR LOSS			
Actuarial gains (losses) on defined benefit plans		169	-118
Income tax effects		-98	85
Actuarial gains (losses) on defined benefit plans in associates and joint ventures	3.5, 7.2	112	15
Other items that will not be reclassified to profit or loss		-	-3
Total items that may not to be reclassified to profit or loss		**183**	**-20**
Other comprehensive income		**745**	**1,601**
Total comprehensive income		**4,502**	**6,754**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent company		3,554	5,546
Non-controlling interests	8.2	948	1,208

Consolidated statement of financial position

31 December

NOK million	Note	2024	2023
ASSETS			
Deferred tax assets	6.1	181	187
Intangible assets	3.1	41,548	37,626
Property, plant and equipment	3.2	29,693	27,600
Right-of-use assets	3.4	312	311
Associates and joint ventures	3.5	11,158	10,557
Non-current financial derivatives	5.1, 5.6	756	541
Other non-current receivables	5.9, 7.2	1,637	1,536
Non-current assets		**85,285**	**78,359**
Inventory		60	64
Trade receivables	5.10	669	741
Other interest-bearing current receivables	5.1	496	565
Other non-interest-bearing current receivables	5.10	653	664
Current financial derivatives	5.1, 5.6	341	415
Cash and cash equivalents	5.11	8,306	10,239
Current assets		**10,525**	**12,689**
Assets		**95,811**	**91,048**

NOK million	Note	2024	2023
EQUITY AND LIABILITIES			
Paid-in capital	5.8	23,594	23,594
Other equity		14,113	13,169
Non-controlling interests	8.2	10,223	9,943
Equity		**47,930**	**46,706**
Non-current interest-bearing debt[1]	5.2	18,498	16,184
Lease liabilities	3.4	269	272
Deferred tax liabilities	6.1	11,295	10,465
Pension liabilities	7.2	46	56
Non-current financial derivatives	5.1, 5.3, 5.6	176	32
Other liabilities	4.1	5,806	2,786
Non-current liabilities		**36,089**	**29,795**
Trade payables	5.12	462	478
Lease liabilities	3.4	55	49
Other current non-interest-bearing liabilities	5.12	1,777	2,151
Taxes payable	6.1	5,068	7,365
Current financial derivatives	5.1, 5.3, 5.6	60	224
Current interest-bearing debt[1]	5.2	4,369	4,280
Current liabilities		**11,792**	**14,547**
Equity and liabilities		**95,811**	**91,048**

[1] *Comparison figures have been changed. See note 5.2 Interest-bearing debt for more information.*

Consolidated statement of cash flows

1 January - 31 December

NOK million	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**8,729**	**13,631**
Adjustments from:			
Depreciations, amortisations and impairments	3.1 - 3.4	1,191	1,269
Gains/losses from divestments and disposals of assets		87	7
Accrual of long-term contracts		-9	-
Profit/loss from associates and joint ventures	3.5	-356	-595
Unrealised changes in derivatives		60	-1,657
Changes in inventories		5	13
Changes in trade receivables and other receivables		343	194
Changes in trade payables and other non-interest-bearing liabilities	5.1	-437	-1,332
Net settlement of futures contracts		544	4,729
Net financial items	5.13	401	230
Other non-cash income and expenses		-80	-30
Cash flows from operating activities		**10,477**	**16,458**
Taxes paid		-7,117	-13,838
Net cash flows from operating activities		**3,360**	**2,621**

NOK million	Note	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment		-1,502	-1,217
Cash paid through share issue to associates and joint ventures		-373	-68
Cash paid for shares in new subsidiaries, associates and joint ventures		-1,033	-65
Dividend received from associates and joint ventures		719	1,196
Proceeds from the sale of shares in a subsidiary		724	-
Interest received	5,13	356	448
Other investment activities		39	-10
Cash flows from investing activities		**-1,071**	**283**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds	5.2	6,746	2,074
Loan repayments	5.2	-6,068	-4,737
Effects from currency swaps on loan repayments		-	310
Dividends paid	5,8	-3,824	-3,072
Interest paid	5,13	-1,070	-1,148
Other financing activities		-7	488
Cash flows from financing activities		**-4,223**	**-6,085**
Changes in cash and cash equivalents		**-1,934**	**-3,182**
Cash and cash equivalents at 1 January	5.11	10,239	13,497
Currency exchange rate effects on cash and cash equivalents		1	-75
Cash and cash equivalents at end of period	5.11	**8,306**	**10,239**

Consolidated statement of changes in equity

NOK million	Note	Share Capital	Share premium	Other equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 31 December 2023		**110**	**23,484**	**13,169**	**36,763**	**9,943**	**46,706**
Profit for the year		-	-	2,955	2,955	802	3,757
Other comprehensive income		-	-	599	599	146	745
Total comprehensive income for the year		**-**	**-**	**3,554**	**3,554**	**948**	**4,502**
TRANSACTIONS WITH OWNERS							
Dividends		-	-	-3,096	-3,096	-787	-3,883
Effect of dividends from Hafslund Kraft AS to Eidsiva Energi AS	3.5	-	-	496	496	-	496
Capital increase		-	-	-	-	122	122
Total transactions with owners		**-**	**-**	**-2,600**	**-2,600**	**-666**	**-3,266**
Other changes in equity		-	-	-10	-10	-2	-12
Equity at 31 December 2024		**110**	**23,484**	**14,113**	**37,707**	**10,223**	**47,930**

Consolidated statement of changes in equity

(cont.)

NOK million	Note	Share Capital	Share premium	Other equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 31 December 2022		**110**	**23,484**	**9,696**	**33,290**	**9,314**	**42,604**
Profit for the year		-	-	4,273	4,273	880	5,153
Other comprehensive income		-	-	1,273	1,273	328	1,601
Total comprehensive income for the year		**-**	**-**	**5,546**	**5,546**	**1,208**	**6,754**
TRANSACTIONS WITH OWNERS							
Dividends		-	-	-2,460	-2,460	-615	-3,075
Effect of dividends from Hafslund Kraft AS to Eidsiva Energi AS	3.5	-	-	360	360	-	360
Transactions with non-controlling interests		-	-	16	16	-16	-
Capital increase		-	-	-	-	53	53
Total transactions with owners		**-**	**-**	**-2,084**	**-2,084**	**-578**	**-2,662**
Other changes in equity		-	-	11	11	-1	9
Equity at 31 December 2023		**110**	**23,484**	**13,169**	**36,763**	**9,943**	**46,706**

Oslo, 3 April 2025

The Board of Directors of Hafslund AS

Jarle Roth
Chair of the Board

Halvor Kr. Halvorsen

Bjørn Erik Næss

Maria Tallaksen

Kristin Færøvik

Bård Vegar Solhjell

Håkon Rustad

Hilde Veum-Wahlberg

Finn Bjørn Ruyter
CEO

Note 1.1 General information

Hafslund is a renewable energy group. The group consists of three business areas; Power Production, with Norway's second largest hydropower operation, District Heating, representing the largest provider of district heating in Norway, and Growth and Investments, which brings together the group's industrial ownership and growth initiatives, including ownership in Eidsiva Energi with a 50 per cent stake that includes Elvia, Norway's largest grid company.

The parent company Hafslund AS is 100 per cent owned by the City of Oslo.

The headquarters is located in Oslo. The consolidated financial statements were adopted by the company's Board of Directors on 3 April 2025.

All amounts are stated in NOK million unless otherwise stated.

Currency

The consolidated financial statements are presented in Norwegian kroner (NOK). For the subsidiary Hafslund Vekst AB the functional currency is Swedish kroner (SEK), while for the parent company and the other subsidiaries, the functional currency is Norwegian kroner. For the associated companies Austri Raskiftet and Austri Kjølberget, the functional currency is euro (EUR).

Income and expenses in a subsidiary with a different functional currency than the parent company are converted into the group's presentation currency using the average exchange rate for the month. Financial position items in the subsidiary are translated at the exchange rate at the reporting date. Translation differences from subsidiaries and non-controlling interests are recognised in other comprehensive income.

Note 1.2 General accounting policies

Basis for preparation of the annual financial statements

The consolidated financial statements for Hafslund for 2024 have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. In addition, Norwegian disclosure requirements are provided in accordance with the Norwegian Accounting Act (Regnskapsloven).

The consolidated financial statements have been prepared on the historical cost basis, with the exception of some assets and liabilities that are measured at fair value. Please see note 5.5 Fair value for a more detailed description. Preparation of financial statements in accordance with IFRS requires the use of estimates and judgements. Items significantly impacted by judgements or assumptions and significant estimates are described in the relevant notes.

Change of comparable numbers

Hafslund has a subordinated loan from CCS Finansiering AS assessed as current interest-bearing debt. The subordinated loan was classified as non-current interest-bearing debt as of 31 December 2023. In the comparative figures for 2023, the loan has been reclassified from non-current to current interest-bearing debt. Please see note 5.2 Interest-bearing debt for more information.

Note 1.3 Climate risk

Climate change involves both physical and transition risks to Hafslund's operations and power production. Physical risk refers to impacts resulting from climate change and altered weather patterns, while transition risk refers to direct and indirect effects on the Group as a result of the transition to a low-emission society.

Results from the climate risk analysis

Physical Climate Risk	
Chronic	Increased unpredictability for production and planning due to changes in climate and weather patterns
	Market shifts caused by changes in weather and climate
Acute	Greater risk of infrastructure damage and collapse as a result of more frequent extreme weather
Transition Risk	
Market	Increased costs/decreased availability of raw materials and inputs
	Increased volatility in energy prices due to a larger share of variable energy production
Technology	Failed investments in technology
Policy and Regulations	Increased taxation of power production
	Unpredictability and expenses resulting from future climate regulations

Physical Climate Risk

Parts of the Group's infrastructure are located at low geographical levels, making them susceptible to rising sea levels. Increased occurrences of extreme weather events and floods may pose a higher risk of damage and breakdowns in the Group's facilities.

Scenario analyses have been conducted to model the effects of climate change on the areas where the Group has physical facilities, and a risk assessment has been made. This work is considered in the evaluation of the expected useful life of the Group's facilities and is taken into account when estimating recoverable amounts in impairment testing.

Transition Risk

Hafslund is exposed to changes driven by political measures to reduce emissions from the power sector, district heating operations, waste incineration, and other industrial sectors. This may involve changes in taxes and fees or market changes that have the potential to affect the Group's results and investment in renewable energy.

Further analysis of climate risk is outlined in section E1 Climate change in the Sustainability Report.

Long-term power price curves

Management's best estimate of long-term power price curves is used to estimate the fair value of industrial contracts and financial power agreements, as well as power obligation, and is also a key assumption in the Group's impairment tests in calculating value in use.

The basis for the Group's long-term price curves is prepared by the analysis department in Hafslund Kraft, and is benchmarked against prices from external analysis agencies and other players in the power market. Expected effects due to climate change are reflected in the long-term price curves.

The consolidated financial statements include estimates that may be affected by the effects of climate change, including:

- For estimates of the useful life of the Group's assets, please see note 3.2 Property, Plant and Equipment.
- Inputs used to estimate fair value at level 3 for financial instruments, please see note 5.5 Fair Value.
- Inputs involved in estimating recoverable amounts in impairment testing, please see note 3.3 Impairment testing.

- Inputs used to justify the recognition of deferred tax assets, including negative resource rent income incurred before 2007, please see note 6.1 Taxes.

Management has considered the effects of climate risk in the preparation of the 2024 consolidated financial statements, including the risks outlined in the 2024 Sustainability Report and the group's transition plan to become climate-positive by 2035. The impacts of climate risk, including physical climate risk and transition risk, have not significantly affected the judgements and estimates in the preparation of the consolidated financial statements for 2024.

Note 1.4 Changes in accounting policies

There are no changes in accounting policies that have a significant effect on the 2024 financial statements.

Note 1.5 Changes in standards and interpretations with future effect

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2024 reporting period and have not been early adopted by the Group. The Group's intention is to implement the relevant changes at the effective date provided that the EU adopts the changes prior to the presentation of the consolidated financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements

This new standard will replace IAS 1 Presentation of Financial Statements. The objective of IFRS 18 is to increase comparability and improve communication in the annual financial statements.

The standard sets requirements for how information is aggregated in the financial statements, affecting both the primary financial statement and notes. Revenues and expenses must be classified in the income statement in one of five categories: operating, investing, financing, income taxes and discontinued operations. The first three categories represent new categories compared to IAS 1. IFRS 18 does not change how Hafslund recognises and measures revenues and expenses, but it does change the presentation of the income statement.

IFRS 18 also introduces the concept of management-defined performance measures, a set of financial measures that somewhat overlap with alternative performance measures currently used outside the financial statements.

IFRS 18 is awaiting endorsement from the EU and will be effective from 1 January 2027 or later. Hafslund does not plan to implement the standard at an earlier date. The Group has begun the process of assessing how IFRS 18 will impact the reporting, and expects changes in how information in the financial statements is classified and grouped.

Amendments to IFRS 9 for Nature Dependent Electricity Contracts

The amendment to IFRS 9 was introduced in December 2024 and is awaiting EU endorsement. The amendment will be effective for accounting periods beginning on or after 1 January 2026, but early adoption is permitted.

The objective of the amendment is to address challenges in accounting for electricity contracts that are affected by uncontrollable natural factors, such as weather conditions. A consequence of the changes is that power contracts, such as industrial contracts with variable volumes, can be hedge accounted.

Hafslund is in the process of assessing how the amendments will affect its financial statements.

Note 1.6 Transactions and events in 2024

Tonstad Vindkraft AS

On 1 July 2024, Hafslund Kraft AS acquired 100 per cent of the shares in Tonstad Vindkraft AS from the Swiss investment company SUSI Partners. Tonstad Vindkraft AS is from this point recognised in Hafslund's consolidated financial statements.

Tonstad Vindkraft AS is located in the municipalities of Sirdal and Flekkefjord and is Norway's fifth largest land-based wind power plant measured in GWh. The wind power plant has 51 turbines and an installed capacity of 208 MW, with an annual production of around 670 GWh. The power plant has a concession lasting through 2045.

Tonstad Vindkraft has entered into an industrial contract with Hydro Energi for the sale of power production until 2044, with a portion of the power sold at a fixed price. Additionally, a fixed price agreement has been entered into with ENGIE Energy Management for the sale of guarantees of origin until 2028.

In connection with the transaction, a syndicated bank loan agreement of NOK 2.8 billion was entered into with a term until November 2025. The loan was drawn down in July 2024. Existing debt in Tonstad Vindkraft AS was settled at the same time as the closing of the transaction.

Purchase price allocation

The transaction is considered to be a business combination and a preliminary purchase price allocation has been prepared, which can potentially be modified within a 12-month period.

The results of the purchase price allocation are summarised in the table to the right.

Tonstad Vindkraft AS per 1 July 2024:

NOK million	Effect on financial position
Identified assets and liabilities	
Goodwill	753
Concessions	3,493
Property, plant and equipment	1,791
Other non-current non-interest-bearing receivables	41
Cash and cash equivalents	314
Assets	**6,392**
Equity	1,345
Deferred tax liabilities	246
Other liabilities	3,214
Non-current interest-bearing debt	1,546
Current interest-bearing debt	41
Equity and liabilities	**6,392**

The line-item Concessions consist mainly of excess values resulting from the concession from NVE, lease agreements entered into and grid connection. The excess values are amortised over the remaining duration of the concession.

Other liabilities mainly relate to a negative fair value adjustment of the power purchase agreement with Hydro Energi and the fixed price agreement with ENGIE Energy Management AS. Provisions have also been made for decommissioning obligations.

Goodwill

Recognised goodwill mainly consists of technical goodwill of NOK 727 million. The remaining NOK 26 million is related to the value of real options for capacity-extending and life-extending measures (repowering). The recognised goodwill is not expected to be tax deductible.

Costs related to the transaction
Hafslund's total costs in connection with the transaction amount to NOK 15 million. The transaction costs are included in other operating costs in the operating profit for 2024.

Trade receivables
Gross trade receivables at the time of acquisition amounted to NOK 25 million. The receivables were paid in full following the transaction.

Operating revenue and profit in Tonstad
Tonstad Vindkraft AS has contributed NOK 106 million to Hafslund's operating revenues, and NOK -107 million to profit before tax in the period from the acquisition to 31 December 2024.

If the acquisition had been completed on 1 January 2024, Hafslund's total operating revenues for the period 1 January to 31 December 2024 would have been NOK 14 432 million, and profit before tax NOK 8 541 million.

Hafslund Fiber AS

On 8 July 2024, the subsidiary Hafslund Celsio AS sold 100 per cent of the shares in Hafslund Fiber AS to Eidsiva Bredbånd AS, a subsidiary of Eidsiva Energi AS. The sale resulted in a gain for the Group of NOK 419 million, which is presented in the income statement as Other finance income/ costs.

In July 2024, an extraordinary dividend of NOK 550 million was approved and paid from Hafslund Celsio AS to the owners.

Industrial contracts with Elkem ASA

In December, an industrial contract was signed between Hafslund Kraft AS and Elkem ASA for the delivery of power in NO3 in the period 2028-2035. The contract is measured at fair value and is hedged as a cash flow hedge ("All-in-one hedge"), please see note 5.6 Derivatives and hedging for more information.

Note 2.1 Segment information

Operating segments are reported according to the same structure as the management reporting to the group's top decision maker - the senior executives. The Group has three operating segments; Power production, District heating and Growth and investments.

The different segments are mainly linked to three different companies, Hafslund Kraft with its hydropower business, Hafslund Celsio with its district heating business and Hafslund Vekst, which brings together the ownership of Eidsiva Energi and the other growth initiatives, including the development of onshore wind and solar energy.

Power production

The power production business operates and wholly or partially owns 81 hydropower plants with a production of approximately 21 TWh. The power plants are mainly located in Vestland, Akershus, Buskerud, Oslo, Østfold and Innlandet and consist of both reservoir and run-of-river power plants. In 2024, Hafslund's share of the production was 19.7 TWh, including 0.3 TWh from Tonstad Vindkraft (from 1 July). This is 8 per cent higher than the production in a normal year. Wind power consists of Tonstad Vindkraft AS with a total production of about 670 GWh in addition to the ownership of 20 per cent in the wind power plants Raskiftet and Kjølberget.

District heating

The district heating business owns and operates plants in the value chain from the final treatment of waste to the production, sale, and distribution of district heating. In 2024, the company sold 1.8 TWh of district heating. The fibre company Hafslund Fiber AS was sold to Eidsiva Bredbånd AS in 2024. The board of Hafslund Celsio took the final investment decision for the realisation of a carbon capture storage facility in Klemetsrud, Oslo in January 2025.

Growth and investments

The operating segment works with established and new growth initiatives within the renewable sector. Growth and investments engages in developing companies and new business opportunities within renewable energy using alternative technologies in Norway and the Nordics, in addition to industrial ownership in companies where Hafslund is not the majority owner.

In addition to the above-mentioned operating segments, the segment reporting includes Other businesses, consisting of Group eliminations and parts of the group that are not included in the other segments. Results from affiliated companies are presented in the respective operating segments Power production, District heating and Growth and investments, under operating profit. Transactions between the business areas are carried out in accordance with the arm's length principle.

Group management assesses the business areas' performance and profitability based on EBITDA, operating profit (EBIT) and profit after tax.

Specification of different revenue types per segment is given in note 2.2 Revenues and other income.

Note 2.1 Segment information

(cont.)

1 January - 31 December

	Power production		District heating		Growth and investments		Other		Group	
NOK million	**2024**	**2023**	**2024** [1]	**2023** [2]	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Sales revenue	11,047	14,611	2,349	2,738	-	-	-	-	13,395	17,349
Other gains/losses	600	865	-21	307	-	-	-	-	580	1,171
Other operating revenue	105	123	60	27	23	15	9	12	196	177
Revenues and other income	**11,751**	**15,599**	**2,388**	**3,072**	**23**	**15**	**9**	**12**	**14,172**	**18,698**
Energy purchases and transmission costs	-251	-233	-997	-1,251	-6	-2	-	-	-1,254	-1,486
Salary and other personnel costs	-671	-579	-317	-302	-93	-73	-139	-106	-1,221	-1,060
Property tax and other imposed costs and compensations	-757	-530	-4	-5	-	-	-1	-1	-762	-536
Other operating costs	-391	-281	-475	-729	-62	-69	-42	-3	-970	-1,081
Profit/loss from associated and joint ventures	25	10	-2	-	330	599	3	-13	356	595
EBITDA	**9,707**	**13,986**	**592**	**785**	**192**	**470**	**-170**	**-110**	**10,321**	**15,130**
Depreciation and amortisation	-770	-669	-415	-595	-2	-	-4	-4	-1,191	-1,269
Operating profit (EBIT)	**8,937**	**13,317**	**177**	**190**	**190**	**470**	**-174**	**-115**	**9,130**	**13,862**
Interest income	363	530	30	23	13	17	-50	-123	356	448
Interest expense	-720	-766	-355	-312	-356	-335	328	325	-1,104	-1,089
Other finance income/costs	-31	398	412	-2	-30	-19	-4	34	347	411
Net financial items	**-389**	**163**	**87**	**-291**	**-374**	**-338**	**274**	**237**	**-401**	**-230**
Profit before tax	**8,549**	**13,479**	**265**	**-102**	**-184**	**131**	**100**	**122**	**8,729**	**13,631**
Income taxes	-4,978	-8,546	22	39	102	87	-118	-58	-4,972	-8,478
Profit after tax	**3,571**	**4,933**	**286**	**-62**	**-82**	**218**	**-18**	**64**	**3,757**	**5,153**

[1] *The result includes a gain from the sale of the Hafslund Fiber business amounting to 419 million NOK (Other financial income/expenses).*
[2] *NOK 217 million in other gains/losses for the segment District heating applies to correction of hedge accounting from 2022 in 2023. Other gains/losses for 2023 are NOK 90 million without the correction.*

Note 2.1 Segment information

(cont.)

31 December

	Power production		District heating		Growth and investments		Other		Group	
NOK million	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS										
Intangible assets	29,721	24,051	13,524	13,746	163	139	-1,678	-122	41,729	37,813
Property, plant and equipment	21,876	19,877	7,609	7,536	45	20	163	166	29,693	27,600
Associates and joint ventures	423	409	16	4	10,683	10,111	36	33	11,158	10,557
Other non-current assets	1,518	1,072	186	340	223	357	778	600	2,705	2,388
Non-current assets	**53,538**	**45,409**	**21,335**	**21,626**	**11,113**	**10,628**	**-701**	**677**	**85,285**	**78,359**
Cash and cash pool agreement	7,806	10,214	387	200	139	145	-27	-320	8,306	10,239
Other current assets	1,720	1,887	533	676	321	174	-355	-287	2,220	2,450
Current assets	**9,526**	**12,101**	**921**	**876**	**460**	**319**	**-382**	**-607**	**10,525**	**12,689**
Assets	**63,064**	**57,529**	**22,256**	**22,502**	**11,574**	**10,947**	**-1,083**	**70**	**95,811**	**91,048**

	Power production		District heating		Growth and investments		Other		Group	
NOK million	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
EQUITY AND LIABILITIES										
Equity	21,963	20,904	16,044	16,160	5,351	4,705	4,573	4,936	47,930	46,706
Non-current liabilities	34,100	24,904	5,561	5,276	6,004	6,006	-9,576	-6,390	36,089	29,796
Current liabilities	7,002	11,720	651	1,066	219	236	3,920	1,524	11,792	14,547
Equity and liabilities	**63,064**	**57,529**	**22,256**	**22,502**	**11,574**	**10,947**	**-1,083**	**70**	**95,811**	**91,048**

Note 2.2 Revenues and other income

Key accounting policies

The Group's revenues mainly comprise revenue from the sale of power in the wholesale market, concessionary power, industrial contracts, and results from financial power hedging.

The main principles for accounting of Hafslund's revenue streams are described below.

Sales revenue

Power revenue

Produced power is mainly sold through the Nord Pool spot exchange. In addition, the Group had a bilateral agreement with Fortum Hedging AS which ended in February 2024. The performance obligation is mainly power, and the transaction price is the consideration the Group expects to receive, at either spot price, regulated price or contractual price. The performance obligation is fulfilled over time, which means that the revenue is recognised for each unit delivered, at the transaction price. Hafslund applies a practical approach where power revenue is recognised at the amount that the entity is entitled to invoice. The right to invoice arises when the power is produced and delivered, and the right to invoice will normally correspond directly to the value for the customer. The Group takes the view that Nord Pool should be regarded as the customer since the Group has an enforceable contract with Nord Pool AS. The same was applied to Fortum Hedging AS. Power revenues from own production are presented gross in the income statement.

Power revenue also include sold guarantees of origin that Hafslund receives from qualifying production of electrical power. Revenue from the sales of guarantees is recognised at the time of delivery.

Concessionary power

The Group is obliged to deliver concessionary power to municipalities and county authorities at either a regulated Ministry of Energy price or at full cost. Concessionary power is recognised upon delivery based on the same principle as for other power sales.

Industrial contracts and fixed-price contracts to commercial customers

Hafslund has entered into fixed-price contracts for physical delivery of power - both bilateral agreements to industrial companies and fixed-price contracts to commercial customers. These industrial and fixed-price contracts to commercial customers are recognised upon delivery based on the same principles as for other power sales.

District heating revenue

Hafslund supplies residential and commercial buildings in Oslo with district heating. The performance obligation is the production and supply of district heating, which is considered fulfilled when it is received by the customer. Revenue from district heating is recognised in accordance with customers' measured consumption of district heating. For commercial buildings, condominiums and housing cooperatives, meter readings are made every hour. For private customers, monthly meter readings are made. District heating revenues are calculated by multiplying the measured consumption to customers by the current district heating tariffs for the period. Hafslund is responsible for the delivery of the entire service and has concluded that the distribution and sale of district heating are not separate delivery obligations.

Note 2.2 Revenues and other income

(cont.)

Connection fee

Connection fee is considered a separate delivery obligation and is recognised as income when heating is applied. Until the customer becomes connected, the fee is recognised in the statement of financial position as deferred income. Expenses related to the connection are capitalised until connection, and are expensed simultaneously with income recognition.

Waste management revenue

Revenues from waste management come from the fee the customer pays for Hafslund to receive waste. The fee is mainly calculated based on the quality and volume of waste received and there are variable elements in the pricing. Hafslund has an obligation to manage the waste, and this delivery obligation is fulfilled when the waste has been processed.

Delivery obligations and revenue recognition principles:

Performance obligation	**Revenue recognition principle**
Power revenue	Based on the right to invoice the customer (at the time of delivery)
District heating revenue	Based on the right to invoice the customer (at the time of delivery)
Waste treatment revenue	The time when the waste has been processed
Grid rental/actual revenue	The time of heat application (at the time of delivery)

Other gains/losses

Hedging of financial power contracts and foreign currency derivatives

Hafslund uses financial contracts to hedge future revenues from sale of hydropower in euro, and foreign currency derivatives to exchange settlements from hedges in euro to NOK. The Group applies hedge accounting on the basis portfolio for hedging of power revenues and district heating revenues, please see note 5.6 Derivatives and hedging.

Hedging inefficiencies and results from contracts that are not subject to hedge accounting are measured at fair value through profit or loss as Other gains/losses.

Financial power contracts

The group has a financial power contract as compensation for lost production at the Lutufallet power plant from Fortum. Hafslund receives financial compensation for about 55 GWh annually, which is priced based on the average of NO1 and SE3-prices. Revenue from the contract is presented as Other operating income. The contract is measured at fair value through profit and loss, and value adjustments are presented as Other gains/losses.

Note 2.2 Revenues and other income

(cont.)

1 January - 31 December

	Power production		District heating [1]		Growth and investments		Other business		Group	
NOK million	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
REVENUES AND OTHER INCOME										
Power revenue	9,924	13,699	100	155	-	-	-	-	10,024	13,854
Concessionary power	200	245	-	-	-	-	-	-	200	245
Industrial contracts	509	554	-	-	-	-	-	-	509	554
Fixed-price contracts	413	112	-	-	-	-	-	-	413	112
Heat sales	-	-	1,902	2,310	-	-	-	-	1,902	2,310
Waste treatment sales	-	-	347	273	-	-	-	-	347	273
Grid rental/actual revenue	-	1	-	-	-	-	-	-	-	1
Sales revenue	**11,047**	**14,611**	**2,349**	**2,738**	**-**	**-**	**-**	**-**	**13,395**	**17,349**
Realised gains/losses power derivatives and foreign currency derivatives	627	-360	-135	-32	-	-	-	-	492	-392
Value adjustments power derivatives	152	1,162	114	338	-	-	-	-	266	1,500
Value adjustments currency derivatives	-181	62	-	-	-	-	-	-	-181	62
Trading	3	1	-	-	-	-	-	-	3	1
Other gain/ loss	**600**	**865**	**-21**	**307**	**-**	**-**	**-**	**-**	**580**	**1,171**
Other operating income	105	123	60	27	23	15	9	12	196	177
Other operating income	**105**	**123**	**60**	**27**	**23**	**15**	**9**	**12**	**196**	**177**
Revenues and other income	**11,751**	**15,599**	**2,388**	**3,072**	**23**	**15**	**9**	**12**	**14,172**	**18,698**

[1] *NOK 217 million in other gains/losses for the segment District heating applies to correction of hedge accounting from 2022. Other gains/losses for 2023 are NOK 90 million without the correction. Refer to note 5.6 Derivatives and hedging for further information.*

Note 2.3 Energy purchases and transmission costs

1 January - 31 December

NOK million	2024	2023
ENERGY PURCHASES AND TRANSMISSION COSTS		
Energy purchases and raw material costs	1,020	1,273
Transmission costs	234	212
Energy purchases and transmission costs	**1,254**	**1,486**

Energy purchases and raw material costs mainly consist of fuels consumed in the district heating segment. Transmission costs primarily relate to feed-in costs to the transmission grid.

Note 2.4 Salaries and other personnel costs

1 January - 31 December

NOK million	2024	2023
SALARIES AND OTHER PERSONNEL COSTS		
Wages and salaries	943	812
Employers national insurance contributions	141	125
Pension costs	117	93
Other personnel costs	20	31
Salaries and other personnel costs	**1,221**	**1,060**
Average number of full-time equivalents employed in the Group	856	740

Pension costs are discussed in more detail in note 7.2 Pensions.

Note 2.5 Property tax and other imposed costs

Key accounting policies

Property tax
Property tax is classified and recognised as operating expenses in the income statement in the year it is levied.

Concession fees
Concession fees are paid annually to the government and local authorities for the right to use waterfalls. Such fees are recognised as costs in the period to which they relate.

Fair value adjustment financial power obligations
Please see note 4.1 Other liabilities for a more detailed description of financial power obligations.

Regulation costs and financial power obligations
Please see note 4.1 Other liabilities for a more detailed description of financial power obligations.

1 January - 31 December

NOK million	2024	2023
PROPERTY TAX AND OTHER IMPOSED COSTS		
Property tax	327	326
Concession fees	121	107
Fair value adjustment financial power obligations	131	-95
Regulation costs and financial power obligations	183	198
Property tax and other imposed costs	**762**	**536**

Property tax is calculated based on valuations determined in accordance with Section 8 of the Norwegian Property Tax Act. The tax rate is a maximum of 0.7 per cent.

Note 2.6 Other operating costs

1 January - 31 December

NOK million	2024	2023
OTHER OPERATING COSTS		
Maintenance	526	511
Purchase of external services	464	521
Office expenses	119	97
Insurance	46	36
Sales and marketing expenses	36	20
Reimbursement of operating expenses from part-owners	-190	-227
Capitalised internal hours	-141	-121
Other items	109	245
Other operating expenses	**970**	**1,081**

1 January - 31 December

NOK thousand	2024	2023
AUDITOR'S FEES		
Mandatory audit	6,609	5,192
Other assurance services[1]	1,827	1,010
Other non-audit fees	1,795	1,902
Total auditor's fees	**10,230**	**8,104**
Of which fees to group auditor	7,895	5,946

[1] *The increase in other assurance services is mainly due to attestation according to EUs Corporate Sustainability Reporting Directive (CSRD).*

The specification includes audit fee for the Group. Value added tax is not included in the specified audit fee.

Note 3.1 Intangible assets

Key accounting policies

Intangible assets are recognised at cost. Intangible assets with an indefinite useful life are not amortised but tested for impairment each year.

For detailed principles relating to the impairment of intangible assets, see note 3.3 Impairment testing.

Key estimates and assumptions

The hydropower business mainly has perpetual licences (no right of reversion to state ownership). Perpetual waterfall rights and wind power concessions are deemed to be perpetual and are not amortised. Non-perpetual licences are amortised. Concessions capitalised in the statement of financial position are wholly related to wind power. The waterfall rights are classified as intangible assets since the Group takes the view that acquired waterfalls do not have physical substance but that the Group has paid for the right to utilise future precipitation and snow melt to generate power.

Note 3.1 Intangible assets

(cont.)

NOK million	Waterfall rights	Goodwill	Concessions	Other intangible assets	Intangible assets
2024					
Balance at 1 January	**17,500**	**20,121**	**-**	**6**	**37,626**
Additions	-	-	-	58	58
Addition Tonstad - see note 1.6	-	753	3,493	-	4,246
Disposals	-	-264	1	-8	-271
Amortisation	-20	-	-83	-8	-111
Balance at 31 December	**17,480**	**20,609**	**3,410**	**49**	**41,548**
Cost	17,590	20,609	3,493	58	41,751
Accumulated amortisation	-104	-	-83	-9	-197
Accumulated impairment	-6	-	-	-	-6
Balance at 31 December	**17,480**	**20,609**	**3,410**	**49**	**41,548**
2023					
Balance at 1 January	**17,441**	**20,121**	**-**	**-**	**37,562**
Additions	79	-	-	6	84
Amortisation	-20	-	-	-	-20
Balance at 31 December	**17,500**	**20,121**	-	**6**	**37,626**
Cost	17,590	20,121	-	6	37,717
Accumulated amortisation	-84	-	-	-	-84
Accumulated impairment	-6	-	-	-	-6
Balance at 31 December	**17,500**	**20,121**	-	**6**	**37,626**

Note 3.2 Property, plant and equipment

Key accounting policies

Property, plant and equipment is measured at cost less accumulated depreciation and impairment. Depreciation starts when the asset is available for use as management intended. Facilities under construction are reclassified to district heating plants, power stations and dam facilities when the asset is considered available for use, normally after successful test operation.

The cost of property, plant and equipment is the purchase price, including levies/taxes and costs directly related to making the asset available for use.

Borrowing costs directly attributable to the procurement, design or production of qualifying assets are added to the cost. A qualifying asset is an asset that requires a long time to be prepared for its intended use or sale, for example a hydropower plant.

Expenses incurred after an operating asset has been taken into use, such as ongoing maintenance, are recognised in profit or loss, while other expenses (periodic maintenance) that are expected to generate future economic benefits are capitalised. The carrying amount of replaced parts is deducted and recognised in profit or loss.

Government grants are recognised at fair value when there is a reasonable assurance that the grant will be received, and the Group will comply with all relevant conditions.

Government grants are deferred and recognised in the income statement to match with the related costs. Reimbursements and grants related to investments are accounted for as a reduction of investment cost and recognised in the income statement through reduced depreciation of the related asset.

The depreciation method and period is assessed annually, and any changes are recognised as changes in estimates.

For details of impairment policies for property, plant and equipment, please see note 3.3 Impairment testing.

Key estimates and assumptions

Property, plant and equipment is depreciated over the asset's expected useful life. Expected useful lives are estimated based on experience, history and discretionary judgements relating to technical use and profitability and are adjusted to reflect any changes in expectations. Residual value is taken into account in determining depreciation, and assessment of residual value is also subject to estimates. Estimates of the useful lives of the Group's assets may be affected by the impacts of climate change.

Provisions are not recognised for asset retirement obligations since there is no right of reversion to state ownership for the Group's hydropower plants. For wind power plants a decommission obligation is recognised. Decommissioning cost is estimated and recognised as part of the cost at initial recognition, and is depreciated over the wind power plants expected useful life. Decommissioning cost represents Hafslund's best estimate to remove an asset at the end of its useful life and to restore the site on which it has been located.

Note 3.2 Property, plant and equipment

(cont.)

Discussion of key matters

The tables below also includes shareholdings in facilities that are owned through joint operations. Details of joint operations are given in note 3.6 Joint operations.

NOK million	Power facilities	District heating facilities	Technical equipment and fixtures	Other property	Facilities under construction	Property, plant and equipment
2024						
Balance at 1 January	**17,023**	**4,068**	**4,482**	**562**	**1,465**	**27,600**
Operating investments	90	1	61	2	1,428	1,582
Additions Tonstad - please see note 1.6	1,791	-	-	-	-	1,791
Disposals	-88	-13	-91	-	-	-192
Transfer from facilities under construction	373	279	214	2	-868	-
Depreciation	-511	-170	-283	-9	-	-973
Impairment (-) / Reversal of impairment (+)	-41	-	-12	-	-	-53
Other items	-	-	-56	-	-7	-63
Balance at 31 December	**18,638**	**4,165**	**4,314**	**558**	**2,018**	**29,693**
Cost	31,750	4,596	5,243	721	2,206	44,515
Accumulated depreciation	-12,912	-431	-881	-163	-	-14,386
Accumulated impairment	-201	-	-48	-	-188	-437
Balance at 31 December	**18,638**	**4,165**	**4,314**	**558**	**2,018**	**29,693**
Depreciation period (number of years)	40-100	10-40	3-30	100/No depreciation	No depreciation	

Note 3.2 Property, plant and equipment

(cont.)

NOK million	Power facilities	District heating facilities	Technical equipment and chattels	Other property	Facilities under construction	Property, plant and equipment
2023						
Balance at 1 January	**17,196**	**4,138**	**4,435**	**618**	**1,232**	**27,619**
Operating investments	6	2	53	-	1,204	1,265
Disposals	-1	-7	-1	-	-42	-51
Transfer from facilities under construction	345	64	310	4	-728	-6
Depreciation	-428	-166	-277	-9	-	-880
Impairment (-) / Reversal of impairment (+)	-95	-	-36	-	-188	-319
Other items	-	37	-4	-50	-13	-29
Balance at 31 December	**17,023**	**4,068**	**4,481**	**563**	**1,465**	**27,600**
Cost	29,649	4,330	5,149	716	1,654	41,498
Accumulated depreciation	-12,467	-262	-631	-154	-	-13,514
Accumulated impairment	-160	-	-36	-	-188	-384
Balance at 31 December	**17,023**	**4,068**	**4,482**	**562**	**1,465**	**27,600**
Depreciation period (number of years)	40-100	10-40	3-30	100/No depreciation	No depreciation	

Note 3.3 Impairment testing

Key accounting policies

Intangible assets with indefinite useful lives and goodwill acquired in business combinations are tested annually for impairment based on their carrying amounts as of the end of the third quarter. Impairment testing is performed at the asset level for those assets that generate independent inflows of cash, otherwise, impairment testing is performed for the cash-generating unit (the CGU), which is the smallest unit that has independent inflows of cash.

Other assets are monitored for indications of impairment at the end of each quarter, with a particular focus on those CGUs that have previously had limited robustness. If there are indications of impairment, an impairment test is performed. Whether there are indicators of impairment is a judgmental assessment where typical indicators of impairment may be negative permanent shifts in future power prices, increased discount rates, technological or regulatory changes.

Impairment testing is performed by estimating the recoverable amount, which is the higher of fair value less costs of disposal and value in use. Carrying amounts that exceed the recoverable amount are written down. An assessment is also made of whether there is a basis for reversing previously recorded impairment losses. Previous impairment losses of goodwill are not reversed.

Key estimates and assumptions

Cash-generating units (CGUs)

The Group's assets are split as follows into CGUs:

Business areas	Number of CGUs	Description
Hydropower	30	Hydropower plants located in the same watercourse and managed collectively to optimize power production are part of the same CGU. Beyond this, each individual power plant constitutes a separate CGU.
Onshore wind	3	Tonstad Vindkraft, Austri Raskiftet and Austri Kjølberget each constitute their own CGU.
District heating	1	The CGU consists of the district heating operations in Celsio and Hovinbyen Energy Hub.
Growth and investments	2	Eidsiva Energi AS and Fredrikstad Energi AS constitute the majority of the book values for the segment.

Estimates and assumptions

Estimating value in use

Value in use is estimated by projecting future cash flows after tax and discounting them using a discount rate after tax (WACC) for the relevant business area. The cash flows are normally explicitly projected for 5 years, and then a terminal value is calculated with a long-term growth rate of 2 per cent, which corresponds to Norges Bank's long-term inflation target.

Note 3.3 Impairment testing
(cont.)

Projections of cash flows are based on the Financial Plan for the relevant business area with the exception of:

- future restructurings that the Group has not committed to, or communicated to those affected
- future unapproved investments that will increase earnings

The projection of cash flows is based on assumptions that constitute Management's best estimate. The assumptions involve the use of judgment and are subject to estimation uncertainty.

For the hydropower production business the most important inputs are future power prices, discount rate, future production volumes, prices for guarantees of origin and the level of operating costs. Future production volumes are based on the Group's long-term production plans.

For the district heating business assumptions related to regulatory conditions are also important inputs, such as developments in the electricity subsidy scheme for private homes and housing associations that limit the price that can be charged for district heating, as well as the level of the incineration tax on fossil waste.

The Group prepares long-term price curves on a semi-annual basis that are reviewed by Group Management. The long-term price curves are based on extensive analysis, and the results are benchmarked against external analysis agencies and other players in the power market. The process is under continuous development to capture developments in the Nordic and European power markets.

Effects that may result from climate change are reflected in the Group's long-term price curves. However, the effects of climate change are not considered to be significant for the estimation of value in use within an explicit projection period of 5 years.

The estimation of value in use uses observable prices 3 years ahead from the Nasdaq power exchange (system price and EPAD contracts), and then an interpolation to the Group's long-term price curves. The price curves are subject to estimation uncertainty.

Estimating costs of disposal
Estimating fair value is primarily based on multiples for comparable transactions. The Group uses observable multiples to the extent that these are available.

Estimating sales value is subject to estimation uncertainty. The multiples express the value of comparable assets, but not necessarily identical assets. For example, multiples for the value of a wind farm could be affected by which long-term power contracts have been entered into.

Expected costs of disposal are deducted from fair value to determine the estimated selling price.

Discount rates and estimation method

Business areas	Hydropower	Onshore wind	District heating	Growth and investments
Discount rate	5.9 % (6.4 %)	I/A	5.8 % (5.8 %)	I/A
Estimation method	Value in use	Sales value	Value in use	Sales value

Note 3.3 Impairment testing
(cont.)

Results of impairment testing per business area

Hydropower
The impairment test shows that the carrying amounts of hydropower can be justified for all 30 CGUs with considerable robustness. Sensitivity analyses do not indicate a need for impairment for any CGUs in the event of either a 20 per cent decrease in power prices or a 10 per cent increase in required returns.

The impairment of the Braskereidfoss power plant has increased by NOK 53 million in 2024. The total impairment is NOK 184 million (NOK 131 million).

Onshore wind
The impairment test shows that the carrying amounts of onshore wind are justified, but with limited robustness in the values. Tonstad Vindkraft, which was acquired on July 1, 2024, accounts for the majority of the carrying amounts.

District heating
A renewed impairment test of the district heating business has been performed as of year-end 2024, which also includes the cash flows from the carbon capture plant at Klemetsrud (the CCS project). The project was formally approved in January 2025. The test shows that the book values can be justified, but with limited robustness. In a scenario where the power price is reduced by 10 per cent, this indicates a decrease in value of around NOK 900 million. In a scenario where the discount rate is increased by 0.5 percentage points, the test indicates a decrease in value of around NOK 2,100 million.

Management follows up on indicators of impairment for the district heating business on a quarterly basis, and in particular factors related to changes in key framework conditions. Please also see note 9.3 Events after the reporting period regarding the proposal to introduce a fixed price scheme.

Growth and investments
The impairment test shows that the book values for Growth and investments can be justified with significant robustness in the values.

The overview below shows recognised values of at the end of the financial year:

NOK million	2024	2023
Property, plant and equipment	29,693	27,600
Goodwill	20,609	20,121
Waterfall rights	17,480	17,500
Onshore wind concessions	3,410	-
Right-of-use assets	312	311
Associates and joint ventures	11,158	10,557
Other intangible assets	49	6
Sum recognised value of tested assets	**82,711**	**76,095**

NOK million	2024	2023
GOODWILL ALLOCATION PER SEGMENT		
Hydropower	6,361	6,361
Onshore wind	753	-
District heating	13,474	13,738
Other	21	22
Sum goodwill	**20,609**	**20,121**

Note 3.4 Leases

Hafslund leases office premises, cars, other operating assets, and buildings for storing production equipment.

Mill. kroner	Note	2024	2023
RIGHT-OF-USE ASSETS			
Right-of-use assets at 1 January		**311**	**339**
Adjustments		21	7
Additions		33	65
Disposals		-	-50
Depreciation		-54	-49
Right-of-use assets at 31 December		**312**	**311**
LEASE LIABILITIES			
Lease liabilities at 1 January		**321**	**346**
Adjustments		21	7
Additions		32	65
Disposals		-	-51
Lease payments		-58	-53
Interest		9	8
Lease liabilities at 31 December		**324**	**321**
Hereof current liabilities		55	49
Hereof non-current liabilities		269	272

Note 3.5 Associated and joint ventures

Key accounting policies

The Group's associates are entities over which Hafslund has significant influence, but not control. Significant influence will generally exist when the Group has a shareholding of between 20 and 50 per cent of the voting rights. Joint ventures are entities where Hafslund has joint control with one or more other owners. Associates and joint ventures are accounted for using the equity method in the consolidated financial statements.

The Group has 50 per cent ownership in the joint venture Eidsiva Energi AS and has two subsidiaries, Hafslund Kraft AS and Hafslund Invest AS, where a proportion of the subsidiaries is owned through the joint venture. The Group has chosen to apply the "look-through approach" when calculating non-controlling interests (see note 8.2 Non-controlling interests) and the recognition of the share of profit from the subsidiaries coming from the joint venture is treated consistently with this approach.

This means that the share of profit that applies to Hafslund Kraft AS and its subsidiaries Hafslund Kraft Innlandet AS and Tonstad Vindkraft AS, and Hafslund Invest AS is eliminated before the share of profit from the joint venture is included in the consolidated financial statements. Hafslund's opinion is that the "look-through approach" gives a more accurate picture of the Group's results and financial position, since under this approach double counting of results of subsidiaries where the joint venture has ownership interests is avoided.

None of the Group's associates or joint ventures are listed or have observable market values.

31 December 2024

Company name	Acquisition date	Registered office	Share-holding	Voting rights	Type of investment
Austri Kjølberget DA	2019	Våler	20 %	20 %	Associate
Austri Raskiftet DA	2019	Trysil/Åmot	20 %	20 %	Associate
Dingelsundet Energy AS (prev. Stenkalles Holding AS)	2022	Oslo	50 %	50 %	Joint venture
Eidsiva Energi AS	2019	Hamar	50 %	50 %	Joint venture
Eidsiva Hafslund Vind DA	2023	Hamar	50 %	50 %	Joint venture
Elaway AS	2021	Oslo	20 %	20 %	Associate
Enny AS	2022	Oslo	20 %	20 %	Associate
FastCharge AS	2023	Oslo	48 %	48 %	Associate
Fredrikstad Energi AS	2014	Fredrikstad	49 %	49 %	Associate
Hafslund Magnora Sol AS	2022	Oslo	40 %	40 %	Associate
NGK Utbygging AS	2014	Oslo	25 %	25 %	Associate
NorthConnect AS	2010	Kristiansand	22 %	22 %	Associate
NorthConnect KS	2011	Kristiansand	20 %	20 %	Associate
NorthConnect Ltd	2019	Edinburgh	22 %	22 %	Associate
OF Energi AS	2022	Oslo	50 %	50 %	Joint venture
Skygard Holding AS	2023	Oslo	32 %	32 %	Associate
Smartwatt AS	2023	Oslo	20 %	20 %	Associate
Springboard Energy Systems AS	2022	Oslo	50 %	50 %	Joint venture
Volte AS	2022	Bergen	50 %	50 %	Joint venture

Note 3.5 Associated and joint ventures

(cont.)

NOK million	Eidsiva Energi AS	Other	Total
2024			
BALANCE AT 1 JANUARY	**9,503**	**1,055**	**10,557**
Share of profit after tax	417	-33	384
Depreciation excess values	-29	-	-29
Profit/loss from associates and joint ventures	**389**	**-33**	**356**
Associates and joint ventures' share of OCI	**112**	**7**	**119**
Additions/disposals	-	21	21
Dividends from Eidsiva Energi	-729	-	-729
Dividends from Hafslund Kraft to Eidsiva Energi (treated as capital increase)	496	-	496
Other equity changes	-10	348	338
Balance at 31 December	**9,760**	**1,398**	**11,158**

NOK million	Eidsiva Energi AS	Other	Total
2023			
BALANCE AT 1 JANUARY	**9,683**	**986**	**10,669**
Share of profit after tax	720	-79	641
Depreciation excess values	-29	-17	-46
Profit/loss from associates and joint ventures	**692**	**-96**	**595**
Associates and joint ventures' share of OCI	**10**	**52**	**62**
Additions/disposals	-	63	63
Dividends from Eidsiva Energi	-1,208	-	-1,208
Dividends from Hafslund Kraft to Eidsiva Energi (treated as capital increase)	360	-	360
Other equity changes	-35	50	15
Balance at 31 December	**9,503**	**1,055**	**10,557**

Eidsiva Energi is one of Norway's largest energy and broadband groups, with operations in large parts of southern Norway. Eidsiva Energi owns 43.5 per cent of Hafslund Kraft and is the owner of Norway’s largest grid business, Elvia. The headquarters is located in Hamar. The company is owned by Hafslund Vekst AS (50 per cent), Innlandet Energi Holding AS (49.4 per cent) and Åmot municipality (0.6 per cent).

Note 3.5 Associated and joint ventures
(cont.)

The table on the right summarises the financial information of Eidsiva Energi, as presented in its own financial statements, adjusted for fair value |adjustments at acquisition and differences in accounting policies. Hafslund applies the "look-through approach" when recognising the ownership in Eidsiva Energi under the equity method. This means that the effect of the indirect ownership of subsidiaries is eliminated to avoid double counting in Hafslund's consolidated financial statements. The table also shows a reconciliation of the Group's carrying amount of its ownership interest in Eidsiva Energi.

NOK million	2024	2023
Non-current assets	**42,011**	**39,781**
Cash and cash equivalents	1,453	1,200
Short-term receivables and financial current assets	2,971	3,810
Current assets	**4,424**	**5,010**
Non-current financial liabilities	-15,903	-14,281
Other non-current liabilities	-6,206	-6,328
Non-current liabilities	**-22,109**	**-20,609**
Current financial liabilities[1]	-1,517	-1,815
Other current liabilities	-3,289	-3,362
Current liabilities	**-4,806**	**-5,177**
Net assets (100 %)	**19,520**	**19,006**
Carrying amount of interest (50 %) in Eidsiva Energi at 31 December	**9,760**	**9,503**
Revenues and other income	10,133	9,622
Depreciations and amortisation	-1,657	-1,742
Interest income	124	225
Interest expense	-906	-774
Income taxes	-236	-431
Profit after tax	**778**	**1,383**
Other comprehensive income	224	20
Total comprehensive income	**1,002**	**1,404**
The Group's share (50 %) of total comprehensive income 1 January - 31 December	**501**	**702**

[1] Excluding accounts payable

Note 3.6 Joint operations

Key accounting policies

The Group co-operates with other parties in the development and operation of power plants which are arranged as either a company with divided liability or as a co-ownership. These joint arrangements are split between joint ventures, joint operations and joint operations without joint control. For the two latter arrangements, the owner companies are entitled to dispose of their relative share of the power production after the deduction of commitments to deliver concessionary power and the like.

Joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control. Joint control is achieved when decisions about relevant activities require unanimity between the parties that share control. Investments in joint arrangements are classified as either joint operations or joint ventures. Joint ventures are arrangements where the joint venturers are entitled to the net assets and dividends of the arrangement instead of rights to dispose of their proportionate share of the power production and the obligation to cover a share of the costs. Here, the owner companies do not dispose of their proportionate share of the power production. Joint ventures are accounted for using the equity method, please see note 3.5 Associates and joint ventures.

Joint operations are arrangements under which the joint operators have rights to the assets and a responsibility for the obligations, and the right to dispose of their share of the power production and the obligation to cover a share of the costs so that there is a gross settlement of revenues and costs from the arrangement.

For joint operations, the Group accounts for its interest in the arrangement's assets, liabilities, revenues and costs. The Group's interest normally coincides with the ownership share.

Joint operations without joint control

Some power plants are organised as either a company with shared liability (DA) or as a co-ownership without joint control. Ownership in these power plants entails that the Group has the right to dispose its share of the power production and an obligation to cover its share of the costs and owns a share in the assets and a share of the liabilities. These arrangements are referred to as joint operations without joint control, and are accounted for in the same manner as joint operations.

Significant estimates and assumptions

The Group considers the rights and obligations that arise from each arrangement and especially evaluates if there is a net or gross settlement of revenues and costs. The Group also assesses whether there is joint control if unanimity is required. The considerations sometimes require judgement and the interpretation of underlying agreements, but the Group also considers how the arrangements are operated in practice.

Note 3.6 Joint operations
(cont.)

The Group has an interest in the following joint operations and joint operations without control:

31 December 2023/2024

Company name	Registered office	Shareholding	Voting rights	Classification
Glommens og Laagens Brukseierforening[1]	Lillehammer	-	71%	Joint operations w/o joint control
Foreningen til Hallingdalsvassdragets regulering	Oslo	-	65%	Joint operations w/o joint control
Forening til Bægnavassdragets regulering[2]	Hønefoss	-	41%	Joint operations w/o joint control
Vinstra Kraftselskap DA	Lillehammer	100%	-	Joint operations w/o joint control
Aurlandsverkene[3]	Oslo	93%	-	Joint operations w/o joint control
Storbrofoss Kraftanlegg DA[4]	Lillehammer	80%	-	Joint operations w/o joint control
Opplandskraft DA	Lillehammer	75%	-	Joint operations w/o joint control
Rosten Kraftverk	Lillehammer	72%	-	Joint operations w/o joint control
Lya Kraftverk	Oslo	70%	-	Joint operations w/o joint control
Solbergfoss	Oslo	67%	-	Joint operations
Usta Kraftverk	Oslo	57%	-	Joint operations w/o joint control
Nes Kraftverk	Oslo	57%	-	Joint operations w/o joint control
Øvre Otta DA	Lillehammer	55%	-	Joint operations
Sarp Kraftverk	Sarpsborg	50%	-	Joint operations
Nedre Otta DA[5]	Lillehammer	50%	-	Joint operations
Embretsfosskraftverkene DA	Drammen	50%	-	Joint operations
Kraftverkene i Orkla	Rennebu	12%	-	Joint operations w/o joint control
Uvdalsverkene	Porsgrunn	10%	-	Joint operations w/o joint control

[1] The voting right includes the companies Hafslund Kraft AS, Hafslund Kraft Innlandet AS, Hafslund Produksjon AS and interests in the jointly owned companies Opplandskraft DA, Vinstra Kraftselskap DA and Øvre Otta DA.
[2] The voting right includes the company Hafslund Kraft Innlandet AS and Storbrofoss Kraftanlegg DA.
[3] The Group has announced that it wishes to redeem the option for 7 per cent shareholding from Statkraft in 2029 at market price.
[4] The Group has an 80 per cent ownership in Storbrofoss Kraftanlegg DA but has rights to 100 per cent by agreement until 2050. Storbrofoss Kraftanlegg has a 20 per cent ownership in Bagn Kraftverk DA.
[5] Sel and Vågå municipality has a withdrawal right in Hafslunds which makes Hafslund's actual share 47 per cent. Sel and Vågå municipality do not have ownership in the joint operation.

Note 4.1 Other liabilities

Key accounting policies

Liabilities related to power production

Under various agreements, the Group is obliged to pay compensation and supply free power to compensate for the inconvenience of using the waterfall and the land for hydropower production. The liabilities for annual compensation and free power are classified as non-current liabilities in the line-item Other liabilities. The contra entry is waterfall rights, which are classified as intangible assets. The effect from changes in the liability is presented in the income statement as Property tax and other imposed costs, please also see note 2.5.

Power obligations – net financial settlements
Power obligations which depend on the power price and are settled financially, are recognised at fair value with subsequent measurement at fair value through profit or loss. The liability includes grid rentals for those contracts where the Group also is committed to covering those costs for the recipient, and value added tax where this becomes a cost for the Group.

Power obligations – settled in kind
Contracts related to the physical delivery of power at NOK 0 are not financial instruments. The Group recognises a provision equal to the present value of the full cost of delivering the power.

Power obligations with financial settlement that are CPI-adjusted
The Group has financial power obligations with fixed annual amounts that are CPI-adjusted. The liabilities are recognised at fair value with subsequent measurement at amortised cost.

Concessionary power
The Group has been awarded perpetual licences relating to the development and operation of hydropower plants and, as a result of this, the Group has annual obligations to supply concessionary power to municipalities and counties. Parts of the commitment are covered by physical deliveries, while parts have established a practice involving a financial settlement, where the Group pays the difference between the spot price and the concessionary power price to the party entitled to concessionary power. At the end of 2024, concessionary power supplied in return for financial consideration added up to a total volume of 99 GWh (129 GWh). Concessionary power is not recognised as a liability in the statement of financial position.

Other liabilities

CCS Finansiering AS, a company wholly owned by the City of Oslo, has invested preference capital in Hafslund Celsio. The preference shares have a right to an eventual surplus profit in the CCS project for up to 25 years from start of ordinary operations. The shares have no voting rights, rights to ordinary dividend or other economic benefits. The Group has classified 60 per cent of the preference capital as Other liabilities, as the owners have an obligation to pay pro-rata earned dividend to CCS Finansiering AS. The debt is recognised at face value at time of payment - with subsequent measurement at amortised cost. Please also see note 9.1 Related party transactions for discussion of the matter.

Other liabilities that do not depend on the power price are recognised at fair value with subsequent measurement at amortised cost.

Note 4.1 Other liabilities

(cont.)

31 December

NOK million	2024	2023
FINANCIAL LIABILITIES TO LANDOWNERS		
Free power - settled in cash	590	478
Cash compensation to landowners	1,418	1,403
Financial liabilities to landowners	**2,009**	**1,880**
INDUSTRIAL CONTRACTS AND OTHER LIABILITIES		
Industrial contracts	3,492	685
Other liabilities	279	198
Industrial contracts and other liabilities	**3,771**	**883**
PROVISIONS FOR LIABILITIES TO LANDOWNERS		
Free power - settled in kind	26	24
Provisions for liabilities to landowners	**26**	**24**
Total other liabilities	**5,806**	**2,787**

Other liabilities are mainly industrial contracts measured at fair value, with a negative value. Please see note 5.5 Fair value for a more detailed description.

Note 4.2 Guarantees

The Group purchases bank guarantees to secure certain liabilities. As of 31 December 2024, these guarantees amounted to NOK 74 million in employee tax deduction guarantees (NOK 64 million) and NOK 30 million in power trading guarantees (NOK 30 million).

Hafslund AS has issued parent company guarantees on behalf of Hafslund Celsio AS and Hafslund Produksjon AS. As of 31 December 2024, issued parent company guarantees amounted to NOK 1 680 million (NOK 2 078 million).

Note 5.1 Financial instruments

Key accounting policies

Financial instruments are recognised when the Group becomes a party to the contractual terms of the instrument.

Classification and measurement

Financial assets and liabilities are classified into three categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification depends on the method of initial recognition and the valuation is based on the Group's business model for management of its financial instruments and the characteristics of the cash flows for the individual financial instrument. Financial instruments are not reclassified after initial recognition unless the Group changes its model for the management of its financial assets.

Amortised cost

Financial assets that the Group holds to collect contractual cash flows are recognised at fair value and subsequently measured at amortised cost. The main instruments in this category are trade receivables, other receivables and bank deposits.

Financial liabilities are recognised at fair value and as a main rule subsequently measured at amortised cost. Financial liabilities such as CPI-adjusted cash compensations to land owners, trade payables, bond loans, commercial papers and other loans are classified as amortised costs.

Fair value through other comprehensive income

The financial instruments that are measured at fair value with changes in value through other comprehensive income are part of the Group's hedge accounting. This includes the Group's hedging of sales from hydropower and district heating, industrial contracts that do not qualify for the own-use exemption, and contracts for swapping currency for loans denominated in foreign currency to Norwegian kroner. For all these instruments changes in value that are considered to be effective hedging are presented through other comprehensive income. Hedge accounting is further described in note 5.6 Derivates and hedging.

For financial liabilities, changes in fair value attributable to changes in inherent credit risk are recognised through other comprehensive income, while the remaining change in value is recognised through profit or loss.

Fair value through profit or loss

Financial assets that are neither measured at amortised cost nor at fair value through other comprehensive income are measured at fair value through profit or loss. This primarily applies to financial power contracts and currency futures that are not a part of the Group's hedge accounting.

Financial liabilities that are not classified at amortised cost or that are not designated as hedging instruments are initially recognised at fair value and subsequently at fair value through profit or loss. This mainly applies to an industrial contract with variable volume, financial liabilities that vary with the price of electricity and currency futures that are not included in the Group's hedge accounting.

Note 5.1 Financial instruments
(cont.)

Derecognition of financial instruments

A financial asset is derecognised if one or more of the following criteria applies:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to collect cash flows from the asset and the Group has transferred all substantive risks and rewards relating to the instrument.
- The Group has transferred its rights to collect cash flows from the asset and the Group has not transferred or retained all substantive risks and rewards relating to the instrument but has transferred control of the asset.

A financial liability is derecognised when it has been redeemed, cancelled or matures. When an existing financial liability is replaced by another liability to the same lender on materially different terms, or the provisions for an existing liability have changed significantly, this is treated as a cancellation of the original liability and a new liability is recognised. The difference between the carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset, and there is an intention to settle the asset and liability net.

31 December

NOK million	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
2024				
FINANCIAL ASSETS				
Other non-current receivables	875	-	416	1,291
Non-current derivatives	-	756	-	756
Current derivatives	25	316	-	341
Trade receivables	-	-	669	669
Other interest-bearing current receivables	-	-	496	496
Other current receivables	-	-	653	653
Cash and cash equivalents	-	-	8,306	8,306
Financial assets	**900**	**1,072**	**10,541**	**12,513**
FINANCIAL LIABILITIES				
Current interest-bearing debt	-	-	4,369	4,369
Non-current interest-bearing debt	-	-	18,498	18,498
Current derivatives	51	9	-	60
Non-current derivatives	114	62	-	176
Other liabilities	3,709	373	1,600	5,682
Trade payables	-	-	462	462
Short-term lease liabilities	-	-	55	55
Long-term lease liabilities	-	-	269	269
Other current non interest-bearing liabilities	-	-	1,777	1,777
Financial liabilities	**3,874**	**444**	**27,031**	**31,349**

Note 5.1 Financial instruments

(cont.)

31 December

NOK million	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
2023				
FINANCIAL ASSETS				
Non-current receivables	889	-	476	1,365
Non-current derivatives	65	476	-	541
Current derivatives	415	-	-	415
Trade receivables	-	-	741	741
Other current receivables	-	-	664	664
Cash and cash equivalents	-	-	10,239	10,239
Financial assets	**1,369**	**476**	**12,686**	**14,530**
FINANCIAL LIABILITIES				
Current interest-bearing debt	-	-	4,280	4,280
Non-current interest-bearing debt	-	-	16,184	16,184
Current derivatives	135	89	-	224
Non-current derivatives	15	17	-	32
Other liabilities	478	685	1,601	2,763
Trade payables	-	-	478	478
Short-term lease liabilities	-	-	49	49
Long-term lease liabilities	-	-	272	272
Other current non interest-bearing liabilities	-	-	2,151	2,151
Financial liabilities	**627**	**791**	**25,015**	**26,433**

Offsetting futures derivatives

The table below shows the gross values of futures derivatives and futures settlements offset in the statement of financial position.

NOK million	2024	2023
FUTURES DERIVATIVES AND FUTURES SETTLEMENTS		
Fair value futures derivatives	404	-131
Futures settlements	-404	131
Recognised value futures derivatives and futures settlements	**-**	**-**

Note 5.2 Interest-bearing debt

31 December

NOK million	Loan amount in currency	Currency	Due date	2024	2023
Short term bank loan	53	EUR	2024	-	592
Commercial paper issue in the Norwegian market	500	NOK	2024	-	500
The Nordic investment Bank	80	NOK	2024	-	80
Bond issue in the Norwegian market	450	NOK	2024	-	450
Bond issue in the Norwegian market	293	NOK	2024	-	293
Commercial paper issue in the Norwegian market	290	NOK	2024	-	290
Short term bank loan	53	EUR	2025	629	-
Bond issue in the Norwegian market	1,000	NOK	2025	1,000	1,000
The Nordic investment Bank	665	NOK	2025	665	665
Bond issue in the Norwegian market	500	NOK	2026	500	500
Private placement in the American market	25	USD	2026	284	254
The Nordic investment Bank	70	NOK	2027	70	70
Private placement in the American market	910	NOK	2027	910	910
Bond issue in the Norwegian market	1,000	NOK	2027	1,000	-
Private placement in the Japanese market	5,000	JPY	2028	362	360
Bond issue in the Norwegian market	500	NOK	2028	500	500
The Nordic investment Bank	900	NOK	2028	900	900
Bond issue in the Norwegian market	250	NOK	2029	250	250
Private placement in the Japanese market	5,000	JPY	2029	362	360
Private placement in the American market	723	NOK	2029	723	723
Bond issue in the Norwegian market	500	NOK	2029	500	500
Bond issue in the Norwegian market	500	NOK	2030	500	-
Bond issue in the Norwegian market	200	NOK	2030	200	200
The Nordic investment Bank	900	NOK	2030	900	900
Private placement in the German market	30	EUR	2031	354	337

Note 5.2 Interest-bearing debt

(cont.)

NOK million	Loan amount in currency	Currency	Due date	2024	2023
Bond issue in the Norwegian market	200	NOK	2031	200	200
Private placement in the American market	125	USD	2031	1,419	1,269
Bond issue in the Norwegian market	500	NOK	2031	500	-
The Nordic investment Bank	500	NOK	2032	500	-
Private placement in the American market	848	NOK	2032	848	848
Private placement in the American market	600	NOK	2033	600	600
The Nordic investment Bank	500	NOK	2034	500	-
Bond issue in the Norwegian market	800	NOK	2034	800	-
Subordinated loan CCS Finansiering AS	2,347	NOK	2037	2,347	2,347
Subordinated loan CCS Finansiering AS	1,000	NOK	2041	1,000	1,000
Subordinated loan CCS Finansiering AS	2,075	NOK	2042	2,075	2,075
Loan HitecVision	800	NOK	2047	800	800
Loan Infranode	800	NOK	2047	800	800
Interest-bearing debt translated to NOK				**22,997**	**20,573**
Carrying amount of interest- bearing debt related to fair value hedges (see note 5.6)				-130	-109
Interest-bearing debt, balance at 31 December				**22,867**	**20,464**
Hereof current interest-bearing debt				4,369	4,280
Hereof non-current interest-bearing debt				18,498	16,184

Note 5.2 Interest-bearing debt

(cont.)

Loans denominated in foreign currency are hedged into Norwegian kroner by entering combined interest and currency swaps which exchange the principal payments in foreign currency to principal payments in Norwegian kroner. The table above shows the value of the loan translated at the exchange rates at the reporting date, before the effect of combined interest and currency swaps.

The Group has three subordinated loans from CCS Finansiering AS, a company 100 per cent owned by the City of Oslo. Please also see note 9.1 Related party transactions. The Group has three subordinated loans from CCS Finansiering AS, including a subordinated loan of NOK 2,075 million maturing in 2042. This loan is different from the other two loans as the debtor can make a claim for payment of an extraordinary instalment corresponding to any payment obligation that the City of Oslo or CCS Finansiering AS has in connection with the external financing of the CCS project. For this reason, the loan is classified as a current loan. The subordinated loan is classified as current interest-bearing debt as of 31 December 2024. In the comparative figures for 2023, the loan has been reclassified from non-current to current interest-bearing debt.

NOK million	2024	2023
CHANGES IN INTEREST-BEARING DEBT		
Interest-bearing debt at 1 January	**20,464**	**23,022**
Loan proceeds	6,746	2,073
Repayment of interest-bearing debt	-6,068	-4,736
Sum of changes cash flow from financing activities	**678**	**-2,663**
Increase in interest-bearing debt without cash effect	1,546	-
Effect of currency fluctuations (without cash effect)	198	60
Effect of fair value hedges (without cash effect)	-20	44
Other changes without cash effect	1	1
Sum changes without cash effect	**1,725**	**105**
Interest-bearing debt at 31 December	**22,867**	**20,464**

As of 31 December 2024, Hafslund had interest-bearing debt of NOK 22,867 million, of which NOK 4,369 million was current. In 2024, the Group increased external interest-bearing debt by NOK 6,746 million and repaid interest-bearing debt by NOK 6,068 million.

Other movements are related to loan acquired as part of the acquisition of Tonstad Vindkraft AS, in addition to foreign currency effects by translating loans in foreign currency to NOK.

Note 5.3 Maturity structure financial liabilities

The table shows undiscounted cash flows by interval. Combined interest rate and currency exchange contracts that swap payments of principal amounts in foreign currency with payments of principal amounts in Norwegian kroner are included in the table regardless of whether the agreements are classified as a liability or an asset in the statement of financial position. Consequently, the table shows the net principal amount paid in Norwegian kroner.

The maturity structure for liabilities relating to landowner compensation and free power has not been included in the table below since these are mainly perpetual contracts. Industrial contracts with a negative fair value is excluded from the maturity structure below as the contracts entail physical delivery of power.

31 December

NOK million	Within 12 months	1 to 3 years	3 to 5 years	From 5 years	Total
2024					
FINANCIAL LIABILITIES RELATED TO DERIVATIVES					
Combined interest and currency derivatives	-	-141	-126	-500	-767
Interest swaps	18	35	27	-	80
Power derivatives	4	-	-	-	4
Currency futures	57	80	76	24	238
Derivative financial liabilities	**79**	**-25**	**-24**	**-475**	**-446**
OTHER FINANCIAL LIABILITIES					
Non-current interest-bearing debt	-	2,764	3,596	12,268	18,628
Current interest-bearing debt	4,369	-	-	-	4,369
Interest payments	1,135	2,094	1,829	6,853	11,911
Trade payables and other current liabilities	2,239	-	-	-	2,239
Lease liabilities	64	89	79	140	372
Other liabilities	-	-	-	182	182
Non-derivative financial liabilities	**7,807**	**4,947**	**5,505**	**19,442**	**37,702**

Note 5.3 Maturity structure financial liabilities

(cont.)

31 December

NOK million	Within 12 months	1 to 3 years	3 to 5 years	From 5 years	Total
2023					
FINANCIAL LIABILITIES RELATED TO DERIVATIVES					
Combined interest and currency derivatives	-	-111	-59	-398	-568
Interest swaps	-	14	-	-	14
Power derivatives	172	18	-	-	190
Currency futures	51	-	-	-	51
Derivative financial liabilities	**224**	**-79**	**-59**	**-398**	**-312**
OTHER FINANCIAL LIABILITIES					
Non-current interest-bearing debt	-	2,419	2,740	11,135	16,294
Current interest-bearing debt	4,280	-	-	-	4,280
Interest payments	1,027	1,791	1,662	7,134	11,613
Trade payables and other current liabilities	2,626	-	-	-	2,626
Lease liabilities	54	78	85	154	371
Trade payables and other current liabilities	-	-	-	200	200
Non-derivative financial liabilities	**7,987**	**4,287**	**4,487**	**18,623**	**35,384**

Note 5.4 Financial risk management

Hafslund's business is exposed to risk in several areas across the portfolio. Risk management is an integral part of the Group's business activities and is designed to secure achievement of strategic and operational goals. Guidelines and frameworks are established for the management of risk in the different business segments. The Group's overall risk is assessed by the Risk and Audit Committee and the Board of Directors. The purpose of risk management is to take the right risk based on the Group's risk capacity and ability, expertise, solvency and development plans.

Market risk

As a power producer and district heating provider, Hafslund is exposed to fluctuations in market prices as part of the business model. Managing this risk involves actively participating in the power market.

Power price fluctuations, together with factors that affect production volumes, will be of significant importance for financial results. The Group manages risk through utilisation of water resources in the reservoirs, optimisation of district heating production and from entering physical and financial contracts. Strategies, systems and reporting routines have been established to manage market risk on the Group level and in Group companies. Exposure shall be kept within defined limits and risk management is followed up through reporting to Management and the Board of Directors.

Prices for part of the future hydropower production and district heating sales are hedged within approved limits. Trading with the aim of making a profit is subject to its own limits. Hedge ratios may vary, based on an overall assessment of risk tolerance, market prices and developments in factors that may impact production. Both contracts for physical delivery, as well as financial contracts, are used in power price hedging. Physical contracts that meet certain criteria are included in the calculation of the resource rent tax for the Group's hydropower companies. Financial contracts are not eligible for the same exemption. The Group's hedging strategy takes into account current tax laws for resource rent taxation. An increase in the spot price for power should have a neutral or positive effect on expected cash flows after taxes.

Financial instruments that may be used to hedge future power production include bilateral price hedging agreements, futures and forward contracts, EPADs (Electricity Price Area Differentials) and options. Hafslund achieves area prices for physical power sales. The use of hedging instruments with other price references could reduce the effectiveness of hedges due to deviations between price reference and the area price where the Group has power production.

The foreign exchange market is used to manage market risk derived from hedging where the value of hedged production can be fully or partly hedged from euro to Norwegian kroner using currency futures.

The Group has the following exposure and sensitivity from financial power contracts at +/- 30 per cent change in power prices:

31 December

Financial power contracts	**Fair value**		
NOK million	**2024**	**+30 %**	**-30 %**
Financial power contracts[1]	833	-923	923
Industrial contracts	-3,495	-1,965	1,965
Other financial power contracts	635	217	-217
Total effect on profit after tax		**-669**	**669**
Total effect on equity		**-1,519**	**1,519**

[1] The figure shows fair value of power derivatives before offsetting futures settlements. Please see note 5.1 for futures derivatives and futures settlements offset in the statement of financial position.

Note 5.4 Financial risk management
(cont.)

Regulatory risk

Hafslund is impacted by changes to framework conditions within a number of areas. Changes in Group companies' framework conditions could have a significant impact on the Group's financial results. The structure of the tax system is particularly important for the Group's future investments. The power production business is highly vulnerable to changes in tax legislation and market regulation.

The district heating business is tightly regulated, and the pricing of district heating is governed by the Energy Act. Currently, this includes the requirement for district heating providers to offer discounts to private customers on the same terms as the support scheme private electricity customers receive from the government. District heating businesses that utilise waste incineration are subject to an incineration tax. The incineration tax on fossil waste is set at NOK 882 per ton of CO_2 in 2024. The government has announced an increase in this tax in 2025, but in the 2025 state budget, the incineration tax is proposed to remain unchanged from 2024, before being increased in line with the government's climate plan in subsequent years. This increase has a significant impact on the companies' profitability.

Interest rate risk

Hafslund is mainly exposed to interest rate risk through its financing activities in Norwegian kroner and in foreign currency (note 5.2 Interest-bearing debt). The Group's operating revenues and cash flows from operations are also sensitive to interest rate fluctuations to some degree. The Group is exposed to fluctuations in interest rates because some of its interest-bearing debt has floating interest rates. This exposure is primarily managed using instruments that balance the weighting of financing at floating and fixed interest rates.

The Group's loan portfolio has the following distribution of floating and fixed interest rates:

31 December **Distribution of fixed and floating interest rate on the Group's loan portfolio[2]** NOK million	**Nominal amounts** **2024**	**Nominal amounts** **2023**
FIXED INTEREST RATE		
Debt with fixed interest rate	7,044	6,984
Effect of interest rate swaps	-2,263	-2,263
Loan amount with fixed interest rate after effect of interest rate swaps at 31 December	**4,781**	**4,721**
FLOATING INTEREST RATE		
Debt with floating interest rate	7,535	5,408
Effect of interest rate swaps	2,263	2,263
Loan amounts with floating interest rate after effect of interest swaps	**9,798**	**7,671**

[2] *The table above is exclusive of subordinated loans and shareholder loans*

Based on the Group's interest rate exposure at 31 December 2024, a change in interest rates of ± 0.5 percentage points over the entire curve would result in a change in the Group's profit after tax of approximately -/+ NOK 38 million (NOK 30 million).

At year end 2024, NOK 9,798 million (NOK 7,671 million) of the Group's debt was quoted with NIBOR as reference rate including the effect of interest rate swaps. This means that a change from NIBOR to an alternative reference rate would impact the Group's interest rate exposure. The Group monitors the ongoing discussion and will consider the consequences closely if a more detailed suggestion regarding NIBOR emerges.

Note 5.4 Financial risk management
(cont.)

Hafslund is exposed to a limited scope of indirect interest rate risk in relation to currency and power derivatives. No correlation has been observed between the interest rate level and prices in the power market.

Currency risk

The Nordic power markets use euro as a trading and clearing currency. This means that the Group receives most of its power revenues from physical and financial trading in euro. Revenues from district heating and most of the Group's incurred costs are in Norwegian kroner. Hafslund uses currency futures to reduce/hedge the consequences of mismatches in euro revenues and costs in Norwegian kroner. Foreign exchange hedging is performed for the future sales of power that is hedged. Spot sales of power are recognised at the foreign exchange rate at the time of the transaction. Other transactions denominated in foreign currency are recognised using the transaction rate. Power production is mainly sold via the Nord Pool Spot exchange. Power is sold in euro which is converted to Norwegian kroner on an ongoing basis. In the event of major investments in foreign currency, currency hedging is assessed on the basis of total currency exposure and other relevant factors.

Principal payments for non-current loans denominated in foreign currency are hedged into principal payments in Norwegian kroner by entering combined interest rate and currency swap agreements at the time of initial borrowing. Monetary items and borrowings in foreign currency are measured at the rate at the reporting date. Currency losses or gains are recognised in the income statement as a currency gain or currency loss, unless the item is part of an accounting hedge, and the hedge is effective (please see note 5.6 Derivatives and hedging). Any ineffectiveness is recognised in profit or loss.

The Group has entered combined interest rate and currency swaps to reduce currency exposure on borrowings in foreign currency. Fluctuations in foreign currency against Norwegian kroner will therefore not materially impact the Group's borrowing costs.

Credit risk

The Group is exposed to credit risk mainly through trade and other current receivables within its core activities (note 5.10 Trade and other receivables) as well as counterparty risk on entering derivative contracts (note 5.6 Derivatives and hedging).

The Group's counterpart for physical power sales is Nord Pool. Hafslund also sells district heating and incineration services to a large portfolio of customers, both public and private. Historically, losses on receivables for the business have been very low.

The Group has entered long-term bilateral industrial contracts with physical delivery to Norwegian industrial players. Hafslund offers physical fixed-priced contracts with a duration of 3, 5 or 7 years to commercial customers – either directly or through third parties. Trading in power derivatives consists of both bilateral trading and cleared trading on organised marketplaces (Nasdaq OMX Commodities and the European Energy Exchange). For bilateral financial power derivatives, agreements have been entered into that allow for offsetting gains against losses with all counterparties.

The Group also sells guarantees of origin related to power production directly, or through third parties. In the district heating business, bilateral agreements are entered into with future delivery of various fuels, which implies risks related to defaults on deliveries.

Note 5.4 Financial risk management

(cont.)

Credit risk is limited through diversification and by determining a lower limit for approving the creditworthiness of counterparties. Strategies, systems and reporting routines have been established to manage counterparty risk on the Group level and in group companies. The Group assesses credit risk for its actual exposures on an ongoing basis. Counterparties in new exposures are subject to counterparty assessments. Interest rate and currency derivatives are only entered into with banks with a minimum “investment grade” rating.

Project risk

Hafslund undertakes project risk across several parts of the business, with a broad portfolio of investments in renewable energy, as well as rehabilitation and further development of existing hydropower plants. In 2024, the Group is continuing several dam rehabilitation projects, while new initiatives within solar energy and hydropower are being developed. Hafslund has ownership interests in solar park projects in southern Sweden, as well as several hydropower projects in various stages of planning and development. Through the ownership interest in Hafslund Celsio AS, the Group is continuing plans for a full-scale carbon capture plant in Oslo. To manage risk related to cost overruns in projects, Hafslund has implemented targeted measures for improved risk management and project control. The implementation of a common project execution model, adapted to different project types, is intended to contribute to increased predictability in both financial outcomes and project progress.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to service its financial liabilities as they mature. The Group is exposed to liquidity risk to the extent that cash flows from operations do not correspond with financial liabilities. The cash flows fluctuate in line with factors such as market prices, seasonal variations, and investment levels.
The Hafslund Group has a 50 per cent ownership in Norway’s largest grid company Elvia, which contributes to steady earnings.

The Group’s strategy for managing liquidity risk is always to maintain sufficient liquid funds and unused credit lines so that financial liabilities can be redeemed at maturity, including for extraordinary events, without risking unacceptable financial or reputational loss. Liquidity risk arising from participation in trading financial derivatives on organised marketplaces is subject to separate frameworks and is considered in combination with the group's credit risk. Hafslund has certain drawing rights and purchases services from third parties to help mitigate ongoing needs for cash collateralisation.

The maturity structure for debt and other financial liabilities, including derivatives and other current liabilities are presented in note 5.3 Maturity structure financial liabilities. Liquidity risk is reduced through analysing expected inflows and outflows and assumption of current and non-current borrowings. In order to reduce refinancing risk, i.e. the risk of not being able to refinance a loan or cover a short-term liquidity requirement on normal commercial terms, the Group has established long-term, committed credit facilities in order to secure availability of liquidity, also when financing may be difficult to obtain. As of 31 December 2024, unused credit facilities amounted to NOK 2,500 million (NOK 2,500 million).

To reduce liquidity risk, the Group also holds a liquidity reserve in the form of bank deposits and short-term liquidity fund investments (note 5.11 Cash and cash equivalents). As additional security against turbulence in the finance markets and potential losses of financing sources, credit lines of NOK 1,000 million (NOK 1,000 million) which was unused as of year-end 2024. In addition, the group has line of credit of EUR 50 million (EUR 50 million) to cover daily settlements of futures on Nasdaq Clearing AB, of which EUR 49 million was unused at year-end 2024.

Note 5.5 Fair value

Key accounting policies

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy:
Fair value measurements are classified at the following levels:

- Level 1: Valuation is based on listed prices in active markets for identical assets or liabilities
- Level 2: Valuation is based on inputs other than listed prices covered by Level 1 that are observable for the asset, either directly or indirectly
- Level 3: Valuation is based on non-observable inputs for the asset or liability

The Group endeavours to maximise the use of observable data where possible.

Key estimates and assumptions

When there is no quoted market price in an active market, fair value is calculated by discounting future cash flows. Future cash flows are discounted based on the market interest curve. The market interest curve is in turn derived from available swap rates.

For the valuation of financial power contracts and compensation to landowners that depend on power price, the Group has applied the Group's long-term power price curves which represent the Management's best estimate. See further description in note 3.3 Impairment testing.

The reasonableness of the estimated present value of forward exchange contracts, interest rate and currency swaps, as well as interest rate swaps, are assessed against valuations from contract counterparties.

Financial instruments measured at fair value:
31 December

NOK million	Level 1	Level 2	Level 3	Fair value	Booked value
2024					
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
Shares	7	-	103	110	110
Other long-term receivables	-	-	765	765	765
Interest and currency derivatives	-	646	-	646	646
Currency futures	-	22	-	22	22
Power derivatives[1]	12	417	-	429	429
Total financial assets measured at fair value	**19**	**1,085**	**868**	**1,972**	**1,972**
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE					
Power derivatives	-	4	-	4	4
Currency futures	-	214	-	214	214
Interest rate swaps	-	18	-	18	18
Industrial contracts	-	-	3,491	3,491	3,491
Compensation to landowners and free power	-	-	590	590	590
Total financial liabilities measured at fair value	**-**	**236**	**4,082**	**4,317**	**4,317**

[1] The figure shows power derivatives net after futures settlements offsetting. Please see note 5.1 for futures derivatives and futures settlements offset in the statement of financial position.

Note 5.5 Fair Value
(cont.)

31 December

NOK million	Level 1	Level 2	Level 3	Fair value	Booked value
2023					
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
Shares	148	-	93	241	241
Other long-term receivables	-	-	648	648	648
Interest and currency derivatives	-	476	-	476	476
Currency futures	-	43	-	43	43
Power derivatives	-	437	-	437	437
Total financial assets measured at fair value	**148**	**956**	**741**	**1,845**	**1,845**
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE					
Power derivatives	-	190	-	190	190
Currency futures	-	51	-	51	51
Interest rate swaps	-	14	-	14	14
Industrial contracts	-	-	685	685	685
Compensation to landowners and free power	-	-	478	478	478
Total financial liabilities measured at fair value	**-**	**256**	**1,162**	**1,418**	**1,418**

Please see note 5.2 Interest-bearing debt for more information about the Group's interest-bearing debt.

For other financial liabilities measured at amortised cost, the value is approximately equal to fair value. Financial assets measured at amortised cost primarily consist of accounts receivable and other receivables where amortised cost is approximately equal to fair value.

31 December

NOK million	Level 1	Level 2	Level 3	Fair value	Booked value
2024					
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST					
Other current non-interest bearing liabilities	-	-	1,777	1,777	1,777
Trade payables	-	-	462	462	462
Interest bearing debt	-	22,500	-	22,500	22,868
Other liabilities	-	-	182	182	182
Total financial liabilities measured at amortised cost	**-**	**22,500**	**2,421**	**24,921**	**25,289**

31 December

NOK million	Level 1	Level 2	Level 3	Fair value	Booked value
2023					
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST					
Other current non-interest bearing liabilities	-	-	2,151	2,151	2,151
Trade payables	-	-	478	478	478
Interest bearing debt	-	19,917	-	19,917	20,464
Other liabilities	-	-	198	198	198
Total financial liabilities measured at amortised cost	**-**	**19,917**	**2,827**	**22,744**	**23,291**

Note 5.6 Derivatives and hedging

Key accounting policies

Introduction

The Group hedges spot revenue from both future power production and district heating sales in addition to swapping of interest rate terms and hedging of currency exposure in connection with borrowings.

Revenue from future power production and district heating sales is hedged financially through system price contracts and electricity price area differentials (EPADs). For the hedging of power production, the Group's portfolio for base hedging of the Nordic system price, in addition to EPADs entered into from the third quarter of 2023, are subject to hedge accounting. Other financial power hedging instruments and currency hedging of power hedging are not accounted for as hedging instruments in the financial statements.

For the hedging of district heating sales, both system price contracts and EPADs are hedged accounted from the point the district heating business became part of the group on 19 May 2022.

Additionally, the Group hedges revenue from hydropower production by entering industrial power contracts with physical delivery. Industrial contracts with delivery in price areas where the Group has sufficient power production hour-by-hour, are treated under the own-use exemption and are not recognised in the statement of financial position. If such contracts are denominated in euro where the functional currency of the counterparty is not euro, an embedded currency derivative is separated from the host contract for accounting purposes. The embedded currency derivatives are measured at fair value with changes in value recognised in the Other gains/losses in the operating profit.

Industrial power contracts with physical delivery in price areas where the Group does not have sufficient production hour-by-hour are recognised as financial instruments and measured at fair value in the statement of financial position. These contracts are accounted for as all-in-one hedges measured at fair value through other comprehensive income. Day 1 gains/losses are amortised over the duration of the contract. Currency futures entered into to hedge settlement from industrial contracts in euros to Norwegian kroner are hedged as all-in-one hedges.

For onshore wind, the group has an industrial contract with variable volume effective from 2024. The contract is measured at fair value with changes in value recognised in Other gains/losses in the operating profit.

The Group has secured long-term loans in foreign currencies. For each of these loans, combined interest rate and currency swaps agreements have been established, swapping principal and fixed interest in foreign currencies for principal payments and floating interest rates in Norwegian kroner. The swap from fixed to floating interest in foreign currencies is a fair value hedge, while the swap of principal payments and floating interest rates in foreign currencies to Norwegian kroner is treated as a cash flow hedge.

The accounting treatment of associated gains and losses depends on whether the derivatives are designated as hedging instruments and whether the hedging relationship is deemed to be a cash flow hedge or a fair value hedge. For cash flow hedges, changes in value representing effective hedging are recognised in the hedging reserve through other comprehensive income. Effective hedging is booked as cash flow hedging reserve until:

1. the contracts are delivered, or
2. the hedged transactions are no longer likely to occur

Note 5.6 Derivatives and hedging
(cont.)

Hedge accounting

General about hedge accounting
The criteria for entering a hedging relationship are determined in the Group's risk management strategy and involve a qualitative and forward-looking approach to assessing hedge effectiveness. Both the hedged item and the hedging instrument are designated and documented when hedging relationships are established and sources of ineffectiveness are identified.

The Group only designates contracts with external parties as hedging instruments.

1. Hedge accounting of financial power contracts for hydropower production
The Group's basis portfolio for hedging of system price, as well as EPAD contracts included in the same portfolio from the third quarter of 2023, are designated as hedging instruments in a cash flow hedge. The portfolio contains financial forward and futures contracts. The counterparty for the financial hedge is predominantly the Nasdaq power exchange.

Certain portfolio transfers of hedge accounting positions have been made from Nasdaq to bilateral counterparties. Portfolio transfers have been made by closing the original hedge on Nasdaq to secure gain/loss, and simultaneously establishing a new hedging position with a bilateral counterparty. In these cases, the bilateral hedge is designated as a hedging instrument in a new cash flow hedge, and the locked-in gain/loss is normally held in the hedging reserve until the position is delivered. It is assessed that there is no significant credit risk related to the bilateral counterparties.

Hedge-accounted contracts have been repurchased by entering into purchase contracts on Nasdaq. Purchase contracts are matched with sales contracts based on a LIFO principle, and locked-in gain/loss on the net position typically remains in the hedging reserve until delivery.

The hedging instrument, net of repurchase, can be summarised as follows, where contract value represents the hedged volume multiplied the by hedged price for each delivery year:

	Contract value:	
EUR million	**EPAD**	**System price**
2025	-14	-119
2026	-2	-59
2027	-1	-65
2028	-	-62
2029-2032	-	-38
Total per 31 December 2024	**-18**	**-343**
2024	-10	-117
2025	-3	-82
2026	-	-53
2027	-	-85
2028	-	-7
Total per 31 December 2023	**-13**	**-343**

	Fair value of hedging instruments:		
NOK million	**Assets**	**Liabilities**	**Net**
2024			
Financial power contracts	868	-2	866
Total per 31 December 2024	**868**	**-2**	**866**
2023			
Financial power contracts	189	-	189
Total per 31 December 2023	**189**	**-**	**189**

Note 5.6 Derivatives and hedging

(cont.)

Effects on profit and loss and the statement of financial position on the hedge instrument can be summarised as follows:

NOK million	Hedging instrument	Efficient part/ hedging reserve before tax	Inefficient part
2024			
Fair value per 1 January 2024	**189**	**210**	**-21**
Delivered in 2024	33	3	30
Change in fair value in 2024	644	491	154
Fair value per 31 December 2024	**866**	**703**	**163**
2023			
Fair value per 1 January 2023	**-1,434**	**-1,326**	**-108**
Delivered in 2023	952	902	51
Change in fair value in 2023	670	634	36
Fair value per 31 December 2023	**189**	**210**	**-21**

The designated hedging item is not recognised in the statement of financial position.

The designated hedging item is the highly probable future sales of power in the spot market. The available hedging area is defined as the highly probable future production of hydropower less physical commitments such as industrial power contracts, fixed-price contracts to commercial customers and concessionary power.

The hedging object is built up on an hourly basis beginning from the first hour of the month. A volume equivalent to the hedged volume is distributed over the available hedging area per hour starting from the first hour of the month. EPADs under hedge accounting are tied to system price contracts based on a FIFO principle. Both the hedging instrument and the hedging object are denominated in euros.

Historically, there has been a strong correlation between system price and area price, demonstrating an economic connection between the instrument and the object. Changes in cash flows from financial power contracts where settlements quote the system price are expected to closely match the changes in cash flows from the highly probable future sale of hydropower. There is an even stronger connection for financial hedging with both system price and EPAD, which together constitute area price.

A quantitative assessment of hedging effectiveness is carried out for each reporting period where changes in value of the hedging item is compared to changes in value of the hedging instrument for each month. The hedge is effective when the gain or loss on the hedging instrument is less than the change in value of the hedged item measured in absolute terms. Similarly, ineffectiveness arises when the gain or loss on the hedging instrument is greater than the change in value of the hedged item in absolute terms.

The effective part of the hedge is recognised through other comprehensive income whilst the ineffective part of the hedge is presented as Revenues in Other gains/losses.

Note 5.6 Derivatives and hedging

(cont.)

Inefficiencies in the hedge are mainly caused by:

1. Differences between the system price attributed to the hedging instrument and the area price attributed to the hedging item when only the system-price is designated as the hedge instrument. Historically there has been a strong correlation in prices between the price areas NO1 and NO5 and the Nordic system price.
2. Differences in price profiles as the hedging instrument is delivered evenly for each hour of the month, whilst the hedging item is a per-hour allocation starting from the first hour of the month. Effects attributed to differences in price profiles can be the result of price differences between day and night, weekends, and weekdays and between holidays and weekdays.

Over-hedging occurs if the hedging instruments exceeds the available hedging item. Over-hedging is presented in profit or loss the same way as inefficiency.

2. Hedge accounting of industrial contracts and related currency futures

The Group has an industrial contract denominated in euro subject to the own-use exemption, but is designated as fair value measurement in the statement of financial position. This contract entails the physical delivery of power for the period 2021-2030 with a total remaining contract value of euro 70 million as per 31. December 2024 (euro 80 million). Of this amount, euro 35 million (euro 40 million) has been swapped to NOK 376 million using (NOK 432 million) currency futures.

In addition, the Group has hedge accounted for industrial contracts denominated in euro for the delivery of power from 2024 until 2030 in the NO3 price area. In 2024, the group also entered into an industrial contract with Elkem in the price area NO3, which is recognised as a hedge. The total remaining contract value in NO3 was EUR 133 million as per 31. December 2024 (euro 14 million).

The industrial contracts providing secure cash flows in euros are designated as hedging instruments in cash flow hedges. The hedging item is the future sales of power in euro arising from the contracts. There is not considered to be significant credit risk related to the contracts. The industrial power contracts hedge themselves, and are all-in-one hedges. It has been assessed that there is no significant credit risk associated with the counterparties in the industrial contracts.

The currency futures are designated as the hedging instrument, while the euro exposure arising from the contract is designated as hedging objects in cash flow hedges. There is not considered to be significant credit risk against the banks which are the counterparties. There is a match in critical terms between the instrument and object, and hedging effectiveness is therefore assessed qualitatively.

These hedging instruments can be summarised as follows:

Fair value of hedging instruments:

NOK million	Assets	Liabilities	Net
2024			
Industrial contracts	4	-377	-373
Currency futures	-	-51	-51
Total per 31 December 2024	**4**	**-428**	**-424**
2023			
Industrial contracts	-	-685	-685
Currency futures	-	-37	-37
Total per 31 December 2023	**-**	**-722**	**-722**

Note 5.6 Derivatives and hedging
(cont.)

Effects on profit and loss and the statement of financial position from the hedge accounting can be summarised as follows:

NOK million	Hedging instrument	Efficient part of hedge instrument	Inefficient part of hedge instrument
2024			
Fair value per 1 January 2024	**-722**	**-722**	**-**
Delivered in 2024	179	179	-
Change in fair value in 2024	119	119	-
Fair value per 31 December 2024	**-424**	**-424**	**-**
2023			
Fair value per 1 January 2023	**-2,022**	**-2,022**	**-**
Delivered in 2023	450	450	-
Change in fair value in 2023	850	850	-
Fair value per 31 December 2023	**-722**	**-722**	**-**

The designated hedging item is recognised in the statement of financial position.

3. Hedge accounting of financial power contracts for district heating revenues

For hedging revenue from district heating sales, the Group's hedging portfolio consisting of both system price contracts and EPADs are designated as hedging instruments in a cash flow hedge. The hedging instruments include contracts denominated in both Norwegian kroner and euros.

The hedging instruments are either financial contracts with Nasdaq as counterparty or bilateral positions. Credit risk is in any case not considered to be significant. The hedge accounting for the Group started when the Group acquired Hafslund Celsio in May 2022, thus only value changes after this date are hedge accounted.

Hedge accounted positions have been closed by entering into purchase positions. The purchase positions are matched against sales positions based on a LIFO principle, and the locked-in gain/loss on the net position will remain in the hedge reserve until the delivery date.

The hedging instrument, net of repurchase, can be summarised as follows, where contract value represents hedged volume multiplied by hedged price:

	Contract value:	
NOK million[1]	EPAD	System-price
2025	-7	-73
Total per 31 December 2024	**-7**	**-73**
2024	-20	-218
2025	-	-40
Total per 31 December 2023	**-20**	**-258**

[1] *The contract value in NOK includes both contract values in NOK and contract values in EURO converted to NOK.*

	Fair value of hedging instruments:		
NOK million	Assets	Liabilities	Net
2024			
Financial power contracts	11	-	11
Total per 31 December 2024	**11**	**-**	**11**
2023			
Financial power contracts	-	-113	-113
Total per 31 December 2023	**-**	**-113**	**-113**

Note 5.6 Derivatives and hedging
(cont.)

Effects on profit and loss and the statement of financial position on the hedge accounting can be summarised as follows:

NOK million	Hedging instrument	Efficient part/ hedging reserve before	Inefficient part of hedge instrument
2024			
Fair value per 1 January 2024	**-113**	**-107**	**-6**
Delivered in 2024	108	99	9
Change in fair value in 2024	15	11	4
Fair value per 31 December 2024	**11**	**3**	**7**
2023			
Fair value per 1 January 2023	**-56**	**-48**	**-8**
Correction regarding 2022, booked in 2023 [1]	-217	-219	1
Corrected OB per 1 January 2023	**-273**	**-267**	**-7**
Delivered in 2023	97	90	7
Change in fair value in 2023	64	70	-6
Fair value per 31 December 2023	**-113**	**-107**	**-6**

[1] *In 2023 there is booked a correction belonging to 2022 at NOK 217 million between other gains/losses in the operating result and the hedging reserve in other comprehensive income.*

The designated hedging item is not recognised in the statement of financial position.

The designated hedging item is highly probable future district heating sales to commercial customers and is based on historical sales data combined with management's volume forecasts. Volume forecasts are updated at least annually in connection with the preparation of the financial plan.

To ensure reliable measurement of the hedging item, the hedging item is defined as an interval in the hedging area starting from the first hour of the month. A volume corresponding to the hedged system price volume is allocated to the next available hedging slot per hour beginning with the first hour of the month. EPADs are linked to system price contracts based on a FIFO principle. The hedging object is denominated in Norwegian kroner.

The revenues from the district heating business follow the area price for the price area NO1. Changes in the cash flows from the hedging instruments, both system price and NO1-EPAD, are expected to closely match the changes in cash flows from highly probable sales of district heating to commercial customers. This means that there is a strong economic relationship between the object and the instrument.

In subsequent periods, the effectiveness of the hedge is measured by comparing changes in value of the hedging instrument with changes in value of the hedged item per month. The hedge is effective when the gain or loss on the hedging instrument is less than the change in value of the hedged item measured in absolute values. Similarly, ineffectiveness occurs when the gain or loss on the hedging instrument exceeds the change in value of the hedged item measured in absolute values.

Changes in the fair value of the effective portion of the hedge are recognised in other comprehensive income. The ineffective portion of the hedge is expensed as Other gains/losses.

Note 5.6 Derivatives and hedging

(cont.)

Inefficiencies in the hedge are mainly caused by:

1. Differences between the system price attributed to the hedging instrument and the area price when only system price contracts are entered into.
2. Differences in price profiles as the hedging instrument is delivered evenly for each hour of the month, whilst the hedging item is a per-hour allocation starting from the first hour of the month. Effects attributed to differences in price profiles can be the result of price differences between day and night, weekends, and weekdays and between holidays and weekdays.

Over-hedging occurs if the hedging instruments exceeds the available hedging item. Over-hedging is presented in profit or loss the same way as inefficiency.

Note 5.6 Derivatives and hedging

(cont.)

4. Hedge accounting of interest rate and currency swaps

The Group has the following hedging relationships (nominal value: "+" indicates the principal amounts paid by the Group, and "-" indicates the principal amounts received by the Group) related to interest rate and currency swaps:

31 December 2023/2024

			Nominal amount			
Reference	**Hedged item**	**Due date**	**Million**	**Currency**	**Interest rate**	**Line-item in statement of financial position [1]**
A	Fixed rate loan	2026	25	USD	4.95%	Non-current interest-bearing debt
B	Fixed rate loan	2028	5,000	JPY	1.51%	Non-current interest-bearing debt
C	Fixed rate loan	2029	5,000	JPY	1.38%	Non-current interest-bearing debt
D	Fixed rate loan	2029	250	NOK	4.40%	Non-current interest-bearing debt
E	Fixed rate loan	2031	125	USD	3.14%	Non-current interest-bearing debt
F	Fixed rate loan	2031	30	EUR	2.29%	Non-current interest-bearing debt

Reference	**Hedging instrument**	**Due date**	**Million**	**Currency**	**Interest rate**	**Line-item in statement of financial position**
A	Combined interest rate and currency swap	2026	-25	USD	4.95%	Non-current financial derivatives
A	Combined interest rate and currency swap	2026	143	NOK	3M NIBOR +0,86%	Non-current financial derivatives
B	Combined interest rate and currency swap	2028	-5,000	JPY	1.51%	Non-current financial derivatives
B	Combined interest rate and currency swap	2028	301	NOK	6M NIBOR +0,92%	Non-current financial derivatives
C	Combined interest rate and currency swap	2029	-5,000	JPY	1.38%	Non-current financial derivatives
C	Combined interest rate and currency swap	2029	296	NOK	6M NIBOR +0,87%	Non-current financial derivatives
D	Interest rate swap	2029	-250	NOK	4.40%	Non-current financial derivatives
D	Interest rate swap	2029	250	NOK	3M NIBOR +2,4 %	Non-current financial derivatives
E	Combined interest rate and currency swap	2031	-125	USD	3.14%	Non-current financial derivatives
E	Combined interest rate and currency swap	2031	1,036	NOK	3M NIBOR +1,524	Non-current financial derivatives
F	Combined interest rate and currency swap	2031	-30	EUR	2.29%	Non-current financial derivatives
F	Combined interest rate and currency swap	2031	237	NOK	6M NIBOR +1,1%	Non-current financial derivatives

[1] *The first year's instalment of Fixed rate loan is classified as current interest-bearing debt*

Note 5.6 Derivatives and hedging

(cont.)

The Group's hedging instruments are presented in the line-item Non-current financial derivatives, and are recognised in the statement of financial position at the following amounts:

	Fair value of hedging instruments:		
NOK million	**Assets**	**Liabilities**	**Net**
2024			
Combined interest rate and currency swaps	646	-	646
Interest rate swaps	-	-18	-18
Total per 31 December 2024	**646**	**-18**	**629**
2023			
Combined interest rate and currency swaps	476	-	476
Interest rate swaps	-	-14	-14
Total per 31 December 2023	**476**	**-14**	**461**

Currency risk

The Group's policy is to reduce currency risk by swapping the payments of principal amounts and fixed interest in foreign currency to Norwegian kroner in a 1:1 ratio using combined interest rate and currency swaps. Under the combined swaps, payments of fixed interest are also exchanged for payments of floating interest so that the Group receives fixed interest in foreign currency and pays floating interest in Norwegian kroner.

The exchange from fixed to floating interest in foreign currency is treated as a fair value hedge, see separate discussion under interest rate exposure. The exchange from floating interest payments and principal payments in foreign currency to floating interest and principal payments in Norwegian kroner is treated as a cash flow hedge. Cash flows from payments of principal amounts and floating interest rates in foreign currency are designated as hedging items, and cash flows from the combined swaps are accordingly designated as hedging instruments. The basis spread is excluded from the designated hedging instrument.

There is an economic relationship between the hedged item and the hedging instrument as the critical terms for exchanging from foreign currency to Norwegian kroner matches. Hedge effectiveness is assessed on a qualitative basis.

Changes in the fair value of the effective portion of the hedge are recognised in other comprehensive income until the period when changes in the value of the hedged item affects profit or loss. The ineffective portion of the hedge is expensed as Other finance income/costs. The hedge was effective in its entirety for 2024 and 2023.

Interest rate exposure

The exchange from fixed to floating interest rate is accounted for as fair value hedges. For one bond loan in Norwegian kroner, an interest rate swap from fixed to floating NIBOR rate has been entered into. The hedged risk is changes in the value of the fixed interest payments caused by changes in NIBOR rates.

For loans denominated in foreign currency, the conversion from fixed to floating interest rates in foreign currency is designated as a fair value hedge. The hedged risk is the change in value of the fixed interest payments caused by changes in swap rates (OIS) for the respective foreign currencies.

Note 5.6 Derivatives and hedging

(cont.)

There is an economic relationship between the hedged item and the hedging instrument because the critical terms for exchanging from fixed to floating interest rates are identical. Hedge effectiveness is assessed on a qualitative basis.

The fair value of the hedged risk is included in the book value of the respective loans to which the hedges apply, please see note 5.2. Changes in value for both the hedged item and the hedging instrument are recognised in the income statement in the line item Other finance income/ costs.

Any ineffectiveness in the hedge is also recognised in the line item mentioned above, and may arise from differing settlement times for interest payments/establishment of interest rates between the hedged item and the hedging instrument, as well as the fair value of credit risk affecting the hedging instrument, but not the hedged item. The fair value hedge was fully effective in 2024 and 2023.

The hedging item and hedged instrument affect other comprehensive income and the profit and loss from the inception of the hedge as follows (accumulated effects):

NOK million	Change in fair value hedge instrument	Efficient hedging through other comprehensive income	Inefficiency through P&L
31 December 2024	629	629	-
31 December 2023	461	461	-

The hedging item is not recognised in the statement of financial position.

Note 5.6 Derivatives and hedging
(cont.)

5. Movements in the cash flow hedging reserve:

NOK million	Financial power contracts hydropower	Industrial contracts and currency futures	Financial power contracts district heating	Interest rate and currency swaps[1]	Total
31 December 2022	**-1,034**	**-664**	**-38**	**-16**	**-1,753**
Correction in 2023 before taxes, belongs to 2022	-	-	-217	-	-217
Tax effect of correction related to 2022 accounted for in 2023	-	-	48	-	48
Corrected opening balance 1 January 2023	**-1,034**	**-664**	**-208**	**-16**	**-1,923**
Reclassified to P&L as a result of delivered in 2023	902	450	90	-	1,442
Effective share of change in fair value	634	850	70	13	1,567
Deferred tax	-338	-891	-35	-3	-1,267
31 December 2023	**163**	**-255**	**-83**	**-6**	**-182**
Reclassified to P&L as a result of delivered in 2024	3	179	99	-	281
Effective share of change in fair value	491	119	11	-14	607
Deferred tax	-109	-206	-24	3	-336
31 December 2024	**549**	**-163**	**3**	**-17**	**371**

[1] NOK -14 million in 2024, and NOK 13 million in 2023, shows net change in and out of the hedging reserve connected to combined interest rate and currency swaps.

Note 5.7 Capital management

Hafslund's capital management shall ensure that the Group has financial flexibility in the short and long term and maintains a high credit rating. The Group aims to achieve cash flows that ensure competitive returns for the owners through dividends and increases in share value without disadvantaging the Group's creditors.

In addition to cash and cash equivalents, the Group's liquidity reserve consists of unused long-term, committed credit facilities. Hafslund has access to diversified loan sources and primarily uses the Norwegian bond market, the bank market and international private placement markets.

The Group has long-term financing and unused credit facilities that together ensure financial room to manoeuvre even when it is difficult to obtain financing in the markets.

The loan portfolio (excluding subordinated loans) comprises a balanced mix of loans with a maturity structure of up to 10 years, with a weighted average term of 5 years. The maturity structure of the Group's interest-bearing debt and other financial liabilities are shown in note 5.2 Interest-bearing debt and note 5.3 Maturity structure financial liabilities.

At the end of 2024, the Group had unused credit facilities considered sufficient to cover the Group's refinancing requirements over the next 12 months. External borrowing is centralized at the parent company level in Hafslund AS, in addition to the loans from the minority owners in Hafslund Celsio AS. The capital needs of the subsidiaries are normally covered through internal loans and corporate cash pooling systems, in combination with equity. The capital structure in the subsidiaries is adapted to commercial, legal and tax-related considerations. The Group attaches importance to ensuring a balanced and reasonable capital composition that maintains adequate equity based on the risk and scope of the business.

The Group's loan agreements contain negative pledge clauses. Some loan agreements also stipulate that material assets cannot be disposed of without approval, and one ownership clause requiring more than 50 per cent of shares issued by Hafslund AS to be directly or indirectly owned by the City of Oslo. The Group's loan agreements do not impose any financial covenants.

In 2024, Scope Ratings maintained Hafslund AS' corporate issuer rating of A- with positive outlook, and an S-1 short-term rating. In January 2025, S&P announced its official rating of Hafslund, A- with a stable outlook. Hafslund aims to maintain an "investment grade" credit profile and monitors quantitative and qualitative factors that affect creditworthiness by following, among other things, the development of its equity ratio, net interest-bearing debt and cash flows from operations.

The Group is not subject to any external requirements regarding the management of its capital structure other than following market expectations and the owner's dividend requirement.

Note 5.7 Capital management
(cont.)

31 December

NOK million	2024	2023
NET INTEREST-BEARING DEBT		
Current interest-bearing debt	4,369	4,280
Non-current interest-bearing debt	18,498	16,184
Fair value adjustment loan portfolio/fair value hedges	130	109
Non-current interest-bearing assets	-244	-160
Cash and cash equivalents	-8,306	-10,239
Net interest-bearing debt	**14,447**	**10,173**
Unused drawing rights	**4,078**	**4,028**
EQUITY SHARE		
Equity	47,930	46,706
Assets	95,811	91,048
Equity share	**50%**	**51%**

Note 5.8 Share capital and shareholder information

NOK million	Number of shares	Share capital	Premium fund	Paid-in capital
PAID-IN CAPITAL				
2023	100,000	110	23,484	23,594
2024	100,000	110	23,484	23,594

All shares are owned by the City of Oslo. For Hafslund Group dividends paid during 2024 were NOK 3,823 million, of which NOK 2,600 million were paid to the City of Oslo.

For 2024, the board of directors of Hafslund AS has decided to propose a dividend of NOK 1,950 million to the City of Oslo.

Note 5.9 Non-current receivables

Key accounting policies

All non-current receivables mature more than one year from the reporting date. Non-current receivables are recognised at fair value.

31 December

NOK million	2024	2023
OTHER NON-CURRENT RECEIVABLES		
Other non-current interest-bearing receivables	244	160
Other non-current non-interest-bearing receivables	938	964
Net pension funds	346	172
Non-current equity investments	110	241
Other non-current receivables	**1,637**	**1,536**

Note 5.10 Trade receivables and other current receivables

Key accounting policies

Trade receivables arising from contracts with customers are recognised at the agreed amount, reduced by expected credit loss. Other receivables and accruals are recognised at fair value and measured in subsequent periods at amortised cost.

Key estimates and assumptions

Inaccurate assessment of the customers' ability to pay could result in losses on receivables that subsequently must be written down through profit or loss.

31 December

NOK million	2024	2023
TRADE RECEIVABLES		
Trade receivables	669	741
Trade receivables 31 December	**669**	**741**
RECEIVABLES		
Dividend from associates and joint ventures	98	87
Other non-interest-bearing current receivables	232	141
Accrued other income/prepaid expenses	324	436
Other non-interest-bearing current receivables	**653**	**664**

Please see note 2.2 Revenues and other income for further discussion of revenues.

Note 5.11 Cash and cash equivalents

31 December

NOK million	2024	2023
CASH AND CASH EQUIVALENTS		
Bank deposits	6,042	8,104
Short-term liquidity fund investments	1,982	1,799
Restricted cash	282	337
Cash and cash equivalents	**8,306**	**10,239**

Key matters

The Group's available cash and cash equivalents consist of bank deposits and short-term liquidity fund investments. The Group also has an overdraft facility of NOK 1,000 million, which was unused per 31 December 2024. Furthermore, the Group has an overdraft facility of EUR 50 million to cover the daily mark to market settlements for futures contracts at Nasdaq Clearing AB. As of 31 December 2024, 49 million euros were left unused.

Hafslund AS has a syndicated credit facility of NOK 2,500 million maturing in November 2028. The credit facility serves as back-stop for loan maturities and as general liquidity reserve and was unused per 31 December 2024.

The Group has corporate cash pooling systems with DNB, Nordea and SEB. A corporate cash pooling system entails joint liability among the participating companies. Hafslund AS's accounts constitute single, direct accounts for transactions with the bank, while deposits and overdrafts on the subsidiaries' accounts are intercompany balances with Hafslund AS.

The Group's other restricted cash, NOK 282 million (NOK 337 million) includes provision of security for power trading activities. The Group purchases bank guarantees as security for withholding tax and other liabilities. Refer to note 4.2 Guarantees, for further information.

Liquidity funds are considered to be cash equivalents as they are short-term highly liquid investments that can easily be converted into amounts of cash and that have negligible risk of changes in value.

Note 5.12 Trade payables and other current non-interest-bearing liabilities

Key accounting policies

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The main rule is that trade and other current payables are classified as current if they fall due within one year. Trade and other current payables are measured at fair value in the statement of financial position on initial recognition and subsequently at amortised cost.

31 December

NOK million	2024	2023
TRADE PAYABLES		
Trade payables	462	478
Trade payables	**462**	**478**
OTHER CURRENT LIABILITIES		
Value added tax	478	719
Charges related to salaries	126	116
Accrued interest	529	523
Other accrued costs	55	90
Other short-term liabilities	452	626
Dividend not paid per 31 December	137	77
Other current liabilities	**1,777**	**2,151**

Note 5.13 Financial items

Key accounting policies

Currency gains and losses that derive from operational hedging of power sales are reported as revenues in other gains/losses. Value adjustments of receivables and liabilities in foreign currency are recognised as currency gains/losses in other financial income/ financial costs, respectively.

1 January - 31 December

NOK million	2024	2023
INTEREST INCOME		
Interest income	356	448
Interest income	**356**	**448**
INTEREST EXPENSE		
Interest expense	-1,144	-1,126
Capitalised interest expense	50	45
Interest expense lease liability	-9	-8
Interest expense	**-1,104**	**-1,089**
OTHER FINANCIAL INCOME/COSTS		
Currency gains or losses	-27	425
Change in financial instruments recognised at fair value	-9	-5
Profit from investments in shares	447	-1
Other financial income or cost	13	-43
Fair value adjustment investments	-77	35
Other financial income/costs	**347**	**411**
Net financial items	**-401**	**-230**

Note 6.1 Taxes

General information

Apart from ordinary income tax, Hafslund's power production activities are subject to separate rules for taxation of hydropower and land wind production. The Group is therefore also charged resource rent tax, production fees and natural resource tax. The Group also paid high-price contribution until it was discontinued as of September 30 2023.

Ordinary income tax

The tax expense primarily consists of taxes payable and changes in deferred tax. Payable income tax is calculated at 22 per cent (22 per cent). Deferred tax is calculated based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, as well as the tax loss carried forward, where a tax rate of 22 per cent (22 per cent) is applied.

Resource rent tax, hydropower

The resource rent tax depends on the profit and amounts to nominal 57.7 per cent (57.7 per cent) of the net resource rent income for each power plant. The nominal resource rent tax rate is 57.7 per cent, while allowing for the deduction for a resource rent related income tax of 22 per cent. Net resource rent tax is thus 45 per cent (45 per cent).

Resource rent income is calculated based on each power plant's production hour-by-hour, multiplied by the spot price hour-by-hour. For concessionary power, fixed-price contracts to commercial customers, industrial contracts under certain conditions actual prices achieved are used. Income from issued guarantees of origin and electricity certificates is included in the resource rent income.

The resource rent income is reduced by operating expenses, tax-related depreciation and non-taxable income to arrive at net resource rent income. Non-taxable income is stipulated based on the average tax-related value of production equipment for the year for each power plant, multiplied by a prescribed interest rate. The prescribed interest rate was 3.4 per cent for 2024 (3 per cent). As of 2021 the resource rent tax regime is a cash flow tax, where new investments are directly expensed and thereby not included in the basis for non-taxable income.

Income and expenses in the resource rent related income tax are the same as those included in the resource rent tax, except for new investments which are capitalised and depreciated.

Negative resource rent income that has arisen in a power plant from and including 2007 can be coordinated with positive resource rent income from other power plants. The negative resource rent income that arose prior to 2007, with interest, can be offset against positive resource rent income from the same power plant only. Negative resource rent income is included in the calculation of deferred tax/deferred tax assets in resource rent taxation along with deferred tax/tax assets in the resource rent tax to the extent this can feasibly be offset within a 10-year period.

The resource rent tax in the profit or loss consists of this year's payable resource rent tax plus the change in deferred resource rent tax. Deferred resource rent tax is calculated using a nominal resource rent rate of 57.7 per cent (57.7 per cent) reduced by resource rent related income tax of 22 per cent.

Note 6.1 Taxes
(cont.)

Natural resource tax

Natural resource tax is calculated based on the individual power plant's average power production over the past seven years without regard to profitability. The tax rate is set at 1.3 øre (1.3 øre) per kWh. Natural resource tax can be offset against taxes payable from ordinary income tax. Natural resource tax carried forward is offset against deferred tax in the statement of financial position. If it is likely that the natural resource tax represents a final payment where an offset is not likely, it is expensed through profit or loss.

High-price contribution

For the period 28 September 2022 until 30 September 2023, revenues from the production of power in resource rent-taxable hydropower plants were subject to a tax referred to as "high price contribution". As of January 2023, the tax also applied to onshore wind farms, as well as hydropower plants outside the resource rent tax regime with installed capacity above 1 MW. As of 1 October 2023 the tax was discontinued. In 2024, the group adjusted previously reported high-price contributions, resulting in a repayment of around NOK 15 million.

The tax had a monthly resolution and was calculated separately per price area and per category: spot revenues, concessionary power, own power, withdrawal rights and other revenues. The tax amounted to 23 per cent of the tax basis, which was the achieved average price exceeding 70 øre/KWh. The tax basis could be adjusted for gains or losses from financial contracts entered into before 28 September 2022, provided that these constituted actual hedging of spot revenues from power production. Pumping costs are divided on total production and were deductible in the tax basis.

The Group adjusted the tax base with gain/loss from financial power hedging from contracts considered to be "actual power-hedging" and which were entered before 28 September 2022.

The Group presented the high-price contribution as a tax expense according to IAS 12. This was a result of the Group considering the tax base to represent a net result and that the high-price contribution was imposed on the same tax subjects as for ordinary income tax and resource rent tax. Furthermore, the high-price contribution was not deductible in the income tax.

If the Group had concluded that the tax base did not represent a net result, the tax would have been presented as an operating expense.

Property tax

Power production operations are also subject to property tax, which is up to 0.7 per cent of the taxated value.

Property tax is recognised as an operating expense. See note 2.5 Property tax and other imposed costs.

Resource rent tax, land based wind

With effect from 2024, a resource rent tax is introduced on land-based wind power consisting of more than five turbines or with a combined installed capacity of 1 MW or higher. The resource rent tax functions as a joint operation tax, where the nominal rate for resource rent tax is set at 32 per cent, but where a deduction is allowed for a resource rent-related corporate tax of 22 per cent. The net resource rent tax rate will be around 25 per cent.

Note 6.1 Taxes

(cont.)

Resource rent income is calculated based on production hour-by-hour, multiplied by the spot price hour-by-hour. For fixed-price contracts to commercial customers, contracts entered into with independent parties before 28 September 2022, or for projects established in the period 2024-2030, the calculation of resource rent income is based on the contract price. Income from issued guarantees of origin and electricity certificates is included in the resource rent income. The tax is designed as a cash flow tax where new investments are directly expensed.

For investments made before January 1, 2024, deductions are granted for depreciations of an adjusted initial value by a factor of 1.4, but the adjustment cannot result in the new initial value surpassing 85 per cent of the total acquisition cost. The basis for the adjustment is the acquisition cost reduced by the maximum rates for ordinary balance depreciation until 2024. The adjusted initial value is depreciated linearly over 5 years in the resource rent tax. A deduction is also granted for a waiting interest, which is the standard interest rate multiplied by the average of the tax values.

The income and expense items in the resource rent-related corporate tax are essentially the same as in the resource rent tax, with the exception of new investments that are capitalised and depreciated.

In the event of negative land rent income for the wind power plant, it can be carried forward to the next year with interest.

Production fee (Land based wind power plants)

The production fee is a profit-independent tax that amounts to 2.3 øre (2 øre) per produced kWh for concession-required wind power plants. The production tax can be deducted from the determined payable resource rent tax attributable to the wind power plant. If it is likely that the production fee represents a final payment, where offsetting is not probable, it is expensed in the income statement.

Global minimum tax

The regulations for global minimum taxation, OECD Pillar II, are being introduced with effect from 2024. Hafslund will be subject to the requirement of minimum taxation, which means that the group will be subject to additional tax for subsidiaries with an effective tax rate below 15 per cent.

Hafslund applies the mandatory exemption in IAS 12 and does not recognise or disclose deferred tax related to minimum taxation in the financial statements for 2024. However, Hafslund operates only in Norway and Sweden where tax rates exceed the minimum taxation threshold, and the Group does not trigger additional tax as a result of the requirements for minimum taxation at the end of 2024.

Key accounting policies

Deferred tax and deferred tax assets are offset as far as the Group has a legally enforceable right to set off assets and liabilities, and these are levied by the same tax authority. The same applies for deferred tax and deferred tax assets related to resource rent tax. Deferred tax positions related to ordinary income tax cannot be offset against tax positions related to resource rent tax, and deferred resource rent tax on land based wind cannot be offset against resource rent tax on hydropower production.

Note 6.1 Taxes

(cont.)

Key estimates and assumptions

Management continuously assesses the validity of material assumptions made in the tax assessments where applicable tax laws are the object of interpretation. Provisions are recognised based on the Management's assessment of expected tax payments where this is deemed necessary.

Deferred tax assets arising from negative resource rent income from before 2007 is recognised in the statement of financial position as a deferred tax asset for the portion that is expected to be deductible during a 10-year period. The timing for when negative resource rent income can be offset is estimated based on the expectation of normal production volumes and forward curves.

1 January - 31 December

NOK million	2024	2023
TAX EXPENSE		
Income tax payable	2,075	2,694
Changes in deferred tax	-188	360
Resource rent tax payable	2,883	4,550
Changes in deferred resource rent tax, hydropower	61	300
Changes in deferred resource rent tax, land wind power	-35	17
Natural resource tax hydropower	217	212
Natural resource tax hydropower offset against income tax	-217	-212
Production fee land wind	6	-
Production fee land wind carried forward	-6	-
High-price contribution	-15	617
Too little/much tax set aside in previous years	191	-58
Other	-	-2
Tax expense for the year	**4,972**	**8,478**

NOK million	2024	2023
DEFERRED TAX THROUGH OTHER COMPREHENSIVE INCOME		
Hedging reserve 22 % (22 %)	197	614
Hedging reserve 45 % (45 %)	140	605
Actuarial gains and losses 22 % (22 %)	37	-26
Actuarial gains and losses 45 % (45 %)	61	-59
Deferred tax through other comprehensive income	**435**	**1,134**
RECONCILIATION OF NOMINAL TAX RATE AGAINST EFFECTIVE TAX RATE		
Profit before tax	**8,729**	**13,631**
Profit/loss from associates and joint ventures	356	595
Profit before tax adjusted - basis for calculation of effective tax rate	**8,374**	**13,036**
22 % (22 %) of profit before tax adjusted	1,842	2,868
22 % (22 %) of permanent differences	59	142
22 % (22 %) of actuarial gains and losses	-97	26
Payable resource rent tax	2,883	4,550
Change in deferred tax negative resource rent tax hydropower carried forward 57.7 % (57.7 %)	-47	20
Change in deferred tax negative resource rent tax land wind carried forward 32..1 %	-43	-
Change in deferred resource rent tax hydropower 45 % (45 %)	169	280
Change in deferred resource rent tax land wind	3	-
Too little/much tax set aside in previous years	191	-58
High-price contribution	-15	617
Other	29	16
Tax expense for the year	**4,972**	**8,478**
Effective tax rate	59%	65%

Note 6.1 Taxes

(cont.)

31 December

NOK million	2024	2023
DEFERRED TAX		
General income tax		
Derivatives	642	69
Receivables	524	279
Power contracts	-3,511	-683
Property, plant and equipment	24,450	19,842
Provisions for liabilities	-1,540	-1,037
Pensions	300	115
Other	-77	-332
Tax losses carried forward	-1,239	-948
Total	**19,549**	**17,305**
Tax rate	**22 %**	**22 %**
Deferred tax liability/-asset	**4,320**	**3,807**
Natural resource rent tax carried forward	-	-
Net deferred tax liability/-asset	4,320	3,807
Of which deferred tax asset	-	-
Of which deferred tax liability	4,320	3,807
DEFERRED TAX		
Resource rent tax on hydropower		
Property, plant and equipment	16,308	16,274
Pensions	314	146
Industrial contracts	-338	-638
Provisions for liabilities	-1,449	-1,324
Total	**14,836**	**14,458**

NOK million	2024	2023
Deferred resource rent related income	-2,883	-2,948
Basis for deferred resource rent tax	**11,953**	**11,510**
Tax rate	**57.7%**	**57.7%**
Deferred resource rent tax	**6,897**	**6,641**
Resource rent tax carried forward, including interest	-314	-325
Sum resource rent tax carried forward, expected utilisation within 10 years	**-314**	**-325**
Deferred tax asset	**-181**	**-187**
Resource rent tax on land based wind		
Property, plant and equipment	4,487	68
Provisions for liabilities	-3,868	-
Basis for deferred resource rent tax land wind	**619**	**68**
Deferred resource rent tax land wind related to ordinary income tax	-136	-15
Negative resource rent tax, including interest	-241	-
Basis for resource rent tax land wind	**242**	**53**
Tax rate	**32.1%**	**32.1%**
Deferred resource rent tax	**78**	**17**
Carrying amount of deferred tax liability/-asset		
Deferred tax asset	-181	-187
Deferred tax liability	11,295	10,465
Total	**11,114**	**10,278**

Note 7.1 Remuneration to senior executives and Board members

The overview below shows the remuneration to senior executives in the Hafslund Group for 2024 and 2023 stated in NOK.

Remuneration to senior executives in Hafslund in 2024

From date	Up to and including date	Name	Position	Salaries, holiday pay and fees	Bonus	Benefits in kind	Pension costs	Borrowings 31 December
01.01.2024	31.12.2024	Finn Bjørn Ruyter	CEO	5,590,886	-	380,735	839,234	-
01.01.2024	31.12.2024	Berit Sande	CFO	2,699,198	-	137,624	377,286	-
01.01.2024	31.12.2024	Kristin Lian	CEO Hafslund Kraft	4,280,012	-	318,693	626,787	-
01.01.2024	31.12.2024	Toril Benum	CEO projects	2,905,977	-	280,619	439,049	-
01.01.2024	31.12.2024	Knut Inderhaug [1]	CEO Hafslund Vekst	3,168,806	-	119,037	170,495	78,750
01.01.2024	05.11.2024	Elise Horn	EVP Corporate Development (maternity leave)	2,172,856	-	33,106	290,211	-
01.01.2024	31.12.2024	Martin S. Lundby [2]	CEO Hafslund Celsio	3,558,497	-	163,638	513,440	-
06.11.2024	31.12.2024	Eirik Folkvord Tandberg	Acting EVP Corporate Development	474,828	-	27,685	37,829	-

[1] On 1 September 2024, Martin S. Lundby and Knut Inderhaug swapped roles. Martin S. Lundby took on the role as CEO of Hafslund Celsio and Knut Inderhaug took on the role as CEO of Hafslund Vekst.

Remuneration to senior executives in Hafslund in 2023

From date	Up to and including date	Name	Position	Salaries, holiday pay and fees	Bonus[1]	Benefits in kind	Pension costs	Borrowings 31 December
01.01.2023	31.12.2023	Finn Bjørn Ruyter	CEO	5,364,283	-	479,554	808,117	-
01.01.2023	31.12.2023	Berit Sande	Group CFO (Chief Financial Officer)	2,326,497	-	127,341	341,804	-
01.01.2023	31.12.2023	Martin S. Lundby	EVP Corporate Development and Growth	3,129,684	-	158,962	429,905	-
01.01.2023	31.12.2023	Knut Inderhaug [1]	Managing Director Hafslund Celsio	2,968,009	542,937	116,317	158,234	113,750
01.01.2023	31.12.2023	Toril Benum	EVP Projects	2,670,730	-	255,031	400,269	-
01.01.2023	31.12.2023	Kristin Lian [2]	Managing Director Hafslund Kraft	4,056,001	-	342,239	607,921	-
01.01.2023	16.08.2023	Eirik Folkvord Tandberg	EVP Energy Markets and Public Relations	1,510,152	-	106,172	223,452	-
01.01.2023	31.12.2023	Elise Horn	EVP Corporate Development	2,195,870	-	26,939	293,900	-

[1] Applies to collective bonus for 2021. Hafslund Celsio terminated all bonus schemes in 2022.
[2] Lian, Managing Director Hafslund Kraft, received a significant increase in area of responsibility during 2022, including responsibility for Hafslund's power trading environment, as well as the staff areas (IT and digitalisation, communication and framework and finance) in the hydropower company. Today, Lian is in charge of what can be considered a complete power production company. At the start of 2023, Lian therefore received a boost in basic salary that reflects the significant increase in responsibilities..

Note 7.1 Remuneration to senior executives and Board members

(cont.)

Board remuneration and remuneration for work in the audit and compensation committee apply to Hafslund AS, and are stated in NOK.

Remuneration to Board members of Hafslund AS

From date	Up to and including date	Name	Position	2024	2023
17.04.2023	31.12.2024	Jarle Roth [1, 2]	Chair	491,125	172,600
01.01.2023	30.11.2023	Alexandra Bech Gjørv [1, 2]	Acting chair / Board Member	25,800	533,900
01.01.2023	31.12.2024	Bård Vegar Solhjell [1, 2]	Board Member	359,376	275,700
01.01.2023	17.04.2023	Bente Sollid Storehaug [1]	Board Member	-	144,850
01.01.2023	31.12.2024	Bjørn Erik Næss [1]	Board Member	381,000	304,200
01.01.2023	04.04.2024	Mari Thjømøe [1]	Board Member	162,583	304,200
17.04.2023	31.12.2024	Maria Tallaksen [1]	Board Member	207,000	196,667
01.01.2023	31.12.2024	Håkon Rustad [1]	Board Member (employee representative)	293,500	275,700
01.01.2023	04.04.2024	Vegar Kjos Andersen	Board Member (employee representative)	34,417	258,300
01.01.2023	04.04.2024	Ingvild Marie Rikoll Solberg	Board Member (employee representative)	34,417	258,300
04.04.2024	31.12.2024	Halvor Kr. Halvorsen	Board Member (employee representative)	296,083	-
04.04.2024	31.12.2024	Hilde Veum-Wahlberg	Board Member (employee representative)	241,083	-

[1] Includes remuneration for work in the Audit Committee and Compensation Committee.
[2] On 30 November 2023, Alexandra Bech Gjørv resigned as chair, and Bård Vegar Solhjell took over as acting chair until 4 April 2024, when Jarle Roth took over as chair.

Note 7.1 Remuneration to senior executives and Board members

(cont.)

Senior executives in 2024:

Name	Position	Comment
Finn Bjørn Ruyter	CEO	
Berit Sande	Group CFO	
Kristin Lian	CEO Hafslund Kraft	
Toril Benum	CEO projects	
Knut Inderhaug	CEO Hafslund Vekst	CEO in Hafslund Celsio until 1 September 2024
Martin S. Lundby	CEO Hafslund Celsio	CEO in Hafslund Vekst until 1 September 2024
Elise Horn	EVP Corporate development (maternity leave)	On leave from 6 November 2024
Eirik Folkvord Tandberg	Acting EVP Corporate development	As of 6 November 2024

The Board's Compensation and Organisation Committee

The Board of Hafslund AS has a dedicated Compensation and Organisation Committee. The Compensation and Organisation Committee advises the Board on all matters pertaining to the company's remuneration paid to the CEO. The Committee must keep itself up to date on and propose guidelines for determination of remuneration paid to senior executives in the business. In addition, the Committee functions as the advisory body for the CEO regarding compensation schemes that essentially cover all employees. The Committee also advises the Board on matters concerning organisational development and employees in Hafslund AS.

Remuneration of senior executives' contribution to Hafslund's long-term interests

Hafslund works for a world in balance, and is concerned with the balance between investments for long-term creation of value, financial sturdiness to handle challenging times and contributing to high and stable dividends for the owner, the City of Oslo. In recent years, the power industry has seen increased investments and increased activity in project development, in addition to increased requirements in digitalisation and sustainable business operations. In order to deliver on Hafslund's and the owner's long-term strategic goals, it is essential to recruit and retain good executives throughout the organisation. Hafslund needs broad expertise in technical, strategic and administrative fields. Therefore, the company must be able to offer competitive terms, compared to the power sector and other industries that recruit in the same market. At the same time, Hafslund must take moderation into account and not be a salary leader. Performance criteria such as finances, productivity, competitiveness and future prospects are used as the basis for the assessment when adjusting the remuneration of senior executives in Hafslund. The growth in total remuneration for senior executives is not higher than the average for other employees.

Report on the determination of salaries and other remuneration

Remuneration to senior executives at Hafslund complies with guidelines on determination of salaries and other remuneration paid to senior executives. The Board issues a declaration on the determination of salaries and other remuneration paid to the CEO and senior executives.

Guidelines for remuneration paid to senior executives in the Hafslund Group

The guidelines shall form the basis for determining remuneration to the CEO and the Group management in the Hafslund Group. The guidelines must be consistent with the City of Oslo's guidelines for compensation schemes for senior executives in limited companies that are majority owned by the City of Oslo.

Note 7.1 Remuneration to senior executives and Board members

(cont.)

The Board of Directors

The Board adopts the CEO's terms and conditions of employment and oversees the general terms and conditions of other senior executives in the Group. These terms are evaluated and adopted by the Board annually. If the CEO wishes to offer members of Group management or other senior executives' remuneration not covered by these guidelines, this must be presented to the Board for approval. In such cases, the Board must justify and minute why the guidelines have been deviated from in each case. The Board also determines the terms for the company's incentive scheme for managers and key individuals based on a recommendation from administration and the Compensation Committee.

Terms and conditions, CEO

Remuneration paid to the CEO must be competitive in relation to responsibilities and the industry in general and reflect the employee's experience and level of expertise. The remuneration in 2024 comprised a fixed salary and a pension plan in accordance with the Group's prevailing schemes for Group management, in addition to an operating subsidy for the use of a car. The CEO receives benefits in kind on a par with other senior Group executives. The retirement age is 70, and the CEO is a member of the Group's mandatory occupational pension plan (OTP) which provides 6 per cent of salary between 1 and 7.1 times the National Insurance Scheme's basic amount (G) and 18 per cent of salary between 7.1 and 12 G.

Pension compensation providing a gross additional income of 16 per cent will be paid for basic salary over 12 G on the condition that the CEO is a member of the defined contribution scheme. The CEO has the right to terminate his employment with an early retirement plan (AFP), in accordance with the prevailing regulations at any point in time. The CEO has a disability pension plan providing compensation of 66 per cent of salary over 12 G and is also covered by a collective accident insurance plan.

The CEO has a six-month notice period. On leaving the company, he is entitled, on certain conditions, to continue receiving salary payments for 12 months (after the end of the notice period). Severance pay is reduced by any salary received from a new employer during the severance pay period. In such cases, severance payments are reduced by 66 per cent of the lower of the monthly severance pay and the new salary.

Terms and conditions, other Group management

Remuneration for other Group management in 2024 comprised a fixed salary, an operating subsidy for the use of a car and pension under the Group's prevailing schemes for Group management. Group management receives benefits in kind on a par with other senior Group executives. Group management covered by the defined contribution plan receive pension compensation providing a gross additional income of 16 per cent for salary over 12 G. The plan is similar to the plan for other employees in the Group with salaries over 12 G and a defined contribution plan. Group management receives a disability pension providing compensation of 66 per cent of salary between 12 G and 30 G. Group management has a six-month notice period. On leaving the company, Group management is entitled, on certain conditions, to continue receiving salary payments for up to 12 months (after the end of the notice period). Severance pay is reduced by any salary received from a new employer during the severance pay period. In such cases, severance payments are reduced by 66 per cent of the lower of the monthly severance pay and the new salary.

Note 7.1 Remuneration to senior executives and Board members

(cont.)

Fixed salary

Group management's fixed salary is based on the duties performed and level of responsibility, as well as the employee's expertise and length of service in the position. Salaries should be competitive in relation to responsibilities and industry levels.

Bonus

Senior executives and Board members of Hafslund have no form of bonus scheme. In the Group, there are bonus schemes for individual employees where it is expedient, for example in power trading and sales. The bonus schemes are limited to a maximum of 25 per cent of the annual salary.

Pensions

Senior and other executives should have a pension plan in accordance with the prevailing pension plan for the Group. Group employees who are members of the mandatory occupational pension are covered by an additional pension plan for salaries over 12 G. Pension compensation providing a gross additional income of 16 per cent will be paid for salary over 12 G. In 2023, the scheme with pension compensation over 12 G was discontinued. The retirement age for managers is 70. Managers are entitled to take early retirement in accordance with the prevailing AFP-agreement at any one time. Group management has a disability pension providing compensation of 66 per cent of salary between 12 G and 30 G.

Period of notice and severance pay

Senior and other executives have a notice period of six months. In specific cases and depending on the position, salary payments may continue for 6 to 12 months beyond the ordinary notice period. Severance pay is not included in the basis for calculation of holiday pay or pension benefits. If the employee should begin a new job while receiving such pay, severance payments will be reduced by 66 per cent of the lower of the monthly severance payments and the new monthly salary. If a manager takes up a new position before the end of the notice period, the reduction mechanism applies to the entire severance pay period. In accordance with section 15 of the Norwegian Working Environment Act, severance pay entitles the employer to terminate the employment relationship at any time without further justification on full payment of severance pay.

Car allowance

An operating subsidy for the use of a car can be awarded.

Benefits in kind

Benefits in kind mainly relate to expenses for broadband (home office), mobile phones and newspapers.

Holidays

Senior executives are entitled to holidays in line with the provisions of the Norwegian Annual Holidays Act and the Group's prevailing internal guidelines. Holiday pay is calculated based on basic salary. Additional benefits are not included in the calculation basis.

Note 7.2 Pensions

Hafslund is obligated to have pension schemes for its employees according to the Occupational Pensions Act. The Group's pension schemes, which include both defined benefit and defined contribution plans, satisfy the requirements of the law. As of 31 December 2024, 897 employees were covered by the Group's pension schemes, of which 78 in public defined benefit plans, 12 in private defined benefit plans and 807 employees in defined contribution plans. The defined benefit plans entitle employees to defined future benefits. These are mainly depending on the number of years of service and the salary level at retirement age. The pension schemes are organised in Hafslund Pension fund and insurance companies. In addition, some pensions are provided directly from the companies.

31 December

NOK million	2024	2023
CARRYING AMOUNT PENSION LIABILITIES		
Present value of accrued pension liabilities for funded defined benefit plans	2,013	2,101
Fair value of pension assets	-2,334	-2,238
Actual net pension liabilities for funded defined benefit plans	**-320**	**-137**
Present value of pension liabilities for unfunded plans	20	22
Net pension liabilities recognised (incl. Employer's National Insurance contributions)	**-300**	**-115**
Carrying amount net pension liabilities	-46	-56
Carrying amount net pension assets	346	172

NOK million	2024	2023
CHANGES IN DEFINED PENSION LIABILITIES DURING THE YEAR		
Pension liabilities at 1 January	**2,122**	**2,083**
Employer's National Insurance contribution	2	3
Present value of accrued pension entitlements for the year	16	20
Interest cost	64	59
Plan modification	14	-
Changes in estimates	-88	78
Pension liabilities on settlements and acquisitions	-	-7
Benefits paid	-98	-113
Pension liabilities at 31 December	**2,034**	**2,122**

NOK million	2024	2023
CHANGE IN FAIR VALUE OF PENSION ASSETS DURING THE YEAR		
Fair value of pension assets at 1 January	**2,238**	**2,188**
Interest income	70	63
Changes in estimates	81	-41
Total contributions	40	136
Total payments from fund	-94	-109
Fair value of pension assets at 31 December	**2,334**	**2,238**

Note 7.2 Pensions
(cont.)

The following financial assumptions have been applied:	**2024**	**2023**
Discount rate	3.90%	3.10%
Yield	3.90%	3.10%
Annual salary increase	4.00%	3.50%
Adjustment of National Insurance Scheme's basic amount (G)	3.75%	3.25%
Adjustment of current pensions, public plan	3.00%	2.80%

Applied assumptions follow recommendations provided by the Norwegian Accounting Standards Board as of 31 December 2024.

Demographic assumptions used in the calculations are based on the IR73 disability rate converted to intensity method and K2013BE mortality table.

1 January - 31 December

NOK million	**2024**	**2023**
Accrued pension liabilities for the year	16	20
Net interest cost	-6	-4
Employer's National Insurance contribution	2	3
Plan modification	14	-
Pension costs	**27**	**19**
Pension costs defined contribution plans	**89**	**74**
Total pension costs	**117**	**93**

Sensitivities of pension liabilities to changes in the weighted financial assumptions are:

31 December

Financial assumptions	**Impact on gross pension liabilities**		
	Change	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	-6.3%	7.0%
Salary increase	0.5%	0.3%	-0.4%
Adjustment of National Insurance Scheme's basic amount (G)	0.5%	6.1%	-5.6%
Life expectancy	1 year	4.9%	-4.3%

Note 7.2 Pensions

(cont.)

Pension funds are invested in bonds, money market placements, shares and real estate. The bonds and money market instruments are issued by Norwegian and foreign states, municipalities, finance institutions and enterprises. Bonds in foreign currency are currency hedged to NOK. Equity investments include both Norwegian and foreign shares.

The real estate investments are in Norwegian commercial property. Any estimate deviation is distributed proportionally between the individual asset classes.

Pension assets comprise:

31 December NOK million	2024		2023	
Equity instruments	947	41%	904	40%
Interest-bearing instruments	1,223	52%	1,173	52%
Property	163	7%	161	7%
Fair value of pension assets	**2,334**	**100%**	**2,238**	**100%**

In 2024, plan contributions were invested as follows:

NOK million	Level 1 Listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total
Equity instruments	-	947	-	947
Interest-bearing instruments	-	1,223	-	1,223
Property	-	-	163	163
Total	**-**	**2,170**	**163**	**2,334**

In 2023, plan contributions were invested as follows:

NOK million	Level 1 Listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total
Equity instruments	-	904	-	904
Interest-bearing instruments	-	1,173	-	1,173
Property	-	-	161	161
Total	**-**	**2,077**	**161**	**2,238**

Note 8.1 Consolidated companies

Key accounting policies

The consolidated financial statements include Hafslund AS and its subsidiaries. Subsidiaries are all companies over which the group exercises control.

Hafslund normally deems that it has control when the Group holds at least 50 per cent of the voting rights in a company.

31 December 2024

Subsidiaries directly owned by Hafslund AS	Registered office	Ownership interest	Voting rights
Hafslund Celsio AS	Oslo	60%	60%
Hafslund Kraft AS	Oslo	57%	57%
Hafslund Produksjon Holding AS	Oslo	90%	90%
Hafslund Vekst AS	Oslo	100%	100%
Oslo Lysverker AS	Oslo	100%	100%

31 December 2024

Parent company	Companies controlled by subsidiaries	Registered office	Ownership interest	Voting rights
Hafslund Celsio AS	Hovinbyen Energy Hub AS	Oslo	51%	51%
Hafslund Kraft AS	Hafslund Kraft Innlandet AS	Lillehammer	100%	100%
Hafslund Kraft AS	Hallingfisk AS	Hol	100%	100%
Hafslund Kraft AS	Mork Kraftverk AS	Oslo	67%	67%
Hafslund Kraft AS	Tonstad Vindkraft AS	Oslo	100%	100%
Hafslund Produksjon AS	Sarp Kraftstasjon AS	Askim	100%	100%
Hafslund Produksjon Holding AS	Hafslund Produksjon AS	Askim	100%	100%
Hafslund Vekst AS	Hafslund Handel AS	Oslo	100%	100%
Hafslund Vekst AS	Hafslund Hav Utsira AS	Oslo	100%	100%
Hafslund Vekst AS	Hafslund Invest AS	Oslo	65%	65%
Hafslund Vekst AS	Hafslund Vekst AB	Stockholm	100%	100%

Hafslund AS owns 56.5 per cent of the shares in Hafslund Kraft AS, while Eidsiva Energi AS owns the remaining 43.5 per cent. Through its 50 per cent ownership in Eidsiva Energi AS, Hafslund has an effective ownership stake of 78.2 per cent in Hafslund Kraft AS. Please also see note 3.5 Associates and joint ventures for how ownership is reflected in the consolidated financial statements.

In 2024, Hafslund Kraft AS acquired 100 per cent of the shares in Tonstad Vindkraft AS, while Hafslund Celsio AS sold all its shares in Hafslund Fiber AS. For more details on the transactions, please see note 1.6. Additionally, Hafslund Kraft AS increased its ownership stake in Hallingfisk from 68.5 per cent to 100 per cent in 2024.

Note 8.2 Non-controlling interests

Key accounting policies

IFRS does not regulate how to treat instances where a parent company owns a subsidiary where a share of the subsidiary is owned through a company that is recognised using the equity method.

The Group has chosen to use the "look-through approach" – meaning that the share that is owned indirectly is included in the share of the parent company when calculating the non-controlling interests.

There is a non-controlling interest in Hafslund Kraft AS amounting to 21.8 per cent (21.8 per cent) as of 31 December 2024, which is calculated as follows using the "look-through approach":

Non-controlling interests (NCI) using the "look-through approach"	**Shareholding**
The Group's direct shareholding	56.5 %
The Group's shareholding through 50 % shareholding in Eidsiva Energi	21.8 %
The Group's shareholding, "look-through approach"	78.2 %
Total shareholdings	100.0 %
Non-controlling interests, "look-through approach"	**21.8 %**

The table below presents an overview of information related to the Groups' subsidiaries where there are substantial non-controlling interests, before Group eliminations. Hafslund Kraft, Hafslund Produksjon and Hafslund Celsio are subgroups of Hafslund Group and the disclosed amounts are for each subgroup.

31 December

NOK million	**Hafslund Kraft**	**Hafslund Produksjon Holding**	**Hafslund Celsio**	**Other**	**Group**
2024					
NCI percentage	**21.8 %**	**10.0 %**	**40.0 %**		
Non-current assets	42,711	10,705	21,335		
Current assets	8,236	1,748	925		
Non-current liabilities	-30,699	-3,249	-5,546		
Current liabilities	-6,788	-1,054	-651		
Net assets	**13,461**	**8,150**	**16,063**		
Net assets attributable to NCI	**2,933**	**876**	**6,471**	**-56**	**10,223**
Revenue	9,158	1,831	2,349		
Profit	2,803	623	340		
OCI	584	-	48		
Total comprehensive income attributed NCI	**3,388**	**623**	**388**		
Profit allocated to NCI	**608**	**65**	**135**	**-6**	**802**
OCI allocated to NCI	**127**	**-**	**19**	**-**	**146**
Dividends paid to NCI[1]	**-932**	**-71**	**-220**	**-**	**-1,224**

[1] *Dividend paid constitutes the non-controlling interest's share of total dividends. For Hafslund Kraft this is 43.5 per cent (not as with the "look-through approach").*

Note 8.2 Non-controlling interests

(cont.)

31 December

NOK million	Hafslund Kraft	Hafslund Produksjon Holding	Hafslund Celsio	Other	Group
2023					
NCI percentage	**21.8 %**	**10.0 %**	**40.0 %**		
Non-current assets	34,568	10,738	21,626		
Current assets	9,910	2,199	876		
Non-current liabilities	-23,719	-3,241	-5,276		
Current liabilities	-8,403	-1,456	-1,115		
Net assets	**12,356**	**8,239**	**16,111**		
Net assets attributable to NCI	**2,696**	**882**	**6,491**	**-126**	**9,943**
Revenue	12,116	2,380	2,738		
Profit	3,920	681	-99		
OCI	1,480	-	16		
Total comprehensive income	**5,400**	**681**	**-82**		
Profit allocated to NCI	**853**	**71**	**-37**	**-6**	**880**
OCI allocated to NCI	**322**	**-**	**6**	**-1**	**328**
Dividends paid to NCI [1]	**-718**	**-155**	**-100**	**-**	**-972**

[1] *Dividend paid constitutes the non-controlling interest's share of total dividends. For Hafslund Kraft this is 43.5 per cent (not as with the "look-through approach").*

Note 9.1 Related party transactions

All subsidiaries, associates and joint arrangements as specified in the notes 8.1 Consolidated companies, 3.5 Associates and joint ventures and 3.6 Joint operations are deemed to be related parties of the Group. The Group's management and Board are also defined as related parties, as specified in note 7.1 Remuneration to senior executives and Board members. Transactions with subsidiaries are eliminated in the consolidated financial statements and are not disclosed in this note.

The City of Oslo owns 100 per cent of Hafslund AS.

Subordinated loan from CCS Finansiering AS

Hafslund AS has three subordinated loans from CCS Finansiering AS, a company 100 per cent owned by the City of Oslo. The loans have no instalments and have a clause stating that if the annual result for the group shows a deficit after charged interest, the interest shall be reduced by either the deficit or to zero. The reduction is final, and the interest amount shall not be paid at a later date.

The first loan had an outstanding balance as of 31 December 2024 of NOK 2,347 million (NOK 2,347 million). Accrued interest on the loan was NOK 166 million (NOK 157 million) as of 31 December 2024. The loan had an interest rate of 7.1 per cent and matures on 31 December 2037.

The second loan had an outstanding balance as of 31 December 2024 of NOK 1,000 million (NOK 1,000 million). Accrued interest on the loan was NOK 59 million (NOK 55 million) as of 31 December 2024. The loan had an interest rate of 5.9 per cent and matures on 31 December 2041.

The third loan had an outstanding balance as of 31 December 2024 of NOK 2,075 million (NOK 2,075 million) and was established in 2022 in connection with the Hafslund Celsio transaction. Accrued interest on the loan was NOK 131 million (NOK 123 million) as of 31 December 2024. The loan had an interest rate of 6.3 per cent and matures on 19 May 2042. This loan differs from the two other loans as the debtor can make a claim for the payment of an extraordinary instalment that corresponds to any payment obligation the City of Oslo or CCS Finansiering AS receives in connection with the external financing of the CCS project. This loan is thus classified as a current loan.

CCS Finansiering AS' preferred shares

As of 31 December, 2024, CCS Finansiering AS had injected NOK 304 million as preference capital into Hafslund Celsio, of which NOK 114 million was paid in 2024.

The preference shares are entitled to a share of any excess return in the CCS project for up to 25 years after the start of regular operations, but do not confer voting rights, rights to ordinary dividends, or other economic benefits. CCS Finansiering AS will inject preference capital in line with the capital needs of the CCS project, up to a maximum of NOK 2.1 billion (in 2022 kroner).

See further details in note 4.1 Other Liabilities and note 5.2 Interest-bearing debt.

Note 9.1 Related party transactions
(cont.)

Receivable on Fredrikstad Energi AS

The Group has a long-term receivable from the associate Fredrikstad Energi AS, with a principal amount of NOK 49 million, in the form of a bond listed on the Nordic ABM. The loan matures on 19 December 2114. Fredrikstad Energi AS can redeem the loan the first time on 29 December 2025 (call date) and then every 5 years until maturity.

The interest rate is 7 per cent until the call date in 2025 and thereafter 1-year NOK swap rate plus a margin of 3.5 per cent. As of 10 years after the call date in 2025, the margin is increased to 4.5 per cent. The loan has a condition of so-called bypassed coupon payment if the interest coverage ratio falls below 2.5 per cent.

Hafslund Fiber AS

Hafslund Celsio AS sold 100 per cent of the shares in Hafslund Fiber AS on July 8, 2024, which is fully owned by Eidsiva Energi AS. Please see note 1.6 Transactions and Events in 2024.

Note 9.2 Contingencies

Hafslund Energy Trading

Hafslund Energy Trading LLC ("HET"), which is owned by Hafslund Produksjon Holding, performed power trading activities in California (USA) between 1999 and 2001. During this period, a power crisis occurred, and since 2001 HET and the public authorities in California ("California Parties") have been in dispute, with the latter claiming that HET must repay capital. The Group's assessment is that there is a low probability that the Norwegian parent company will be held liable, and has consequently not recognised a provision in the financial statements.

Hafslund Celsio AS

Hafslund Celsio has made a provision of NOK 12.5 million related to incorrectly billed electricity costs in the period from 2020 to 2023. The provision is made based on the current regulations regarding a 6-month statute of limitations and the obligation the company believes is more likely than not to be covered. The network provider has proposed a financial solution where Hafslund Celsio will cover the consumption from the time the error was discovered and three years back, totalling NOK 93 million. Hafslund Celsio disputes this obligation. The case is under review by the Norwegian Energy Regulatory Authority (RME).

Note 9.3 Events after the reporting period

The financial statements are considered authorised for issue once they have been approved by the Board of Directors. After this point, the General Meeting and regulatory authorities may refuse to approve the financial statements but may not change them. Events that take place before the financial statements are authorised for issue and related to matters that were known at the end of the reporting period, will be included in the information basis for determining accounting estimates and therefore be fully reflected in the financial statements. Events relating to matters that were not known at the end of the reporting period are disclosed if they are material.

Purchase of Sarpsfoss Limited from Orkla ASA

In January 2025, Hafslund AS and Svartisen Holding AS entered into an agreement with Orkla ASA to acquire 90 per cent and 10 per cent of Sarpsfoss Limited, respectively. Sarpsfoss Limited has a 50 per cent ownership interest in Sarp power plant, as well as 100 per cent ownership in Borregaard power plant and Mossefossen power plant. The total average annual production is 536 GWh.

The transaction has been approved by the Norwegian Competition Authority and the Ministry of Energy, and completion of the transaction is expected in April 2025.

Positive investment decision for construction of carbon capture plan (CCS) at Klemetsrud

At the end of January 2025, a positive investment decision was made for the construction of the carbon capture facility at the Klemetsrud incineration plant. The facility is expected to be operational by the third quarter of 2029, and will capture 350,000 tonnes of CO_2 annually.

Syndicated loan facility and issue of green bond

In February 2025, a syndicated loan facility of NOK 4,000 million with an 18-month maturity was established.

On March 3, 2025, Hafslund successfully issued a green bond of NOK 1,000 million.

Proposal for the introduction of a fixed price (Norway price)

The Government has proposed a fixed price on electricity for households of 40 øre/KWh. In the proposal sent for public consultation private electricity customers and district heating customers are treated equally, and the scheme will be designed such that it will not negatively impact district heating companies. The proposed fixed price scheme will be presented in a separate hearing. Depending on the resolution and the design of the scheme, there is a risk that the competitive situation for district heating will be negatively affected. There is also a risk that limitations on the allowed district heating price will be imposed on the district heating companies.

Other

At the time of the authorisation of the financial statements, there were no known material events after the reporting period that were expected to have an impact on the Group's income statement for 2024 or its statement of financial position as of 31 December 2024.

HAFSLUND AS

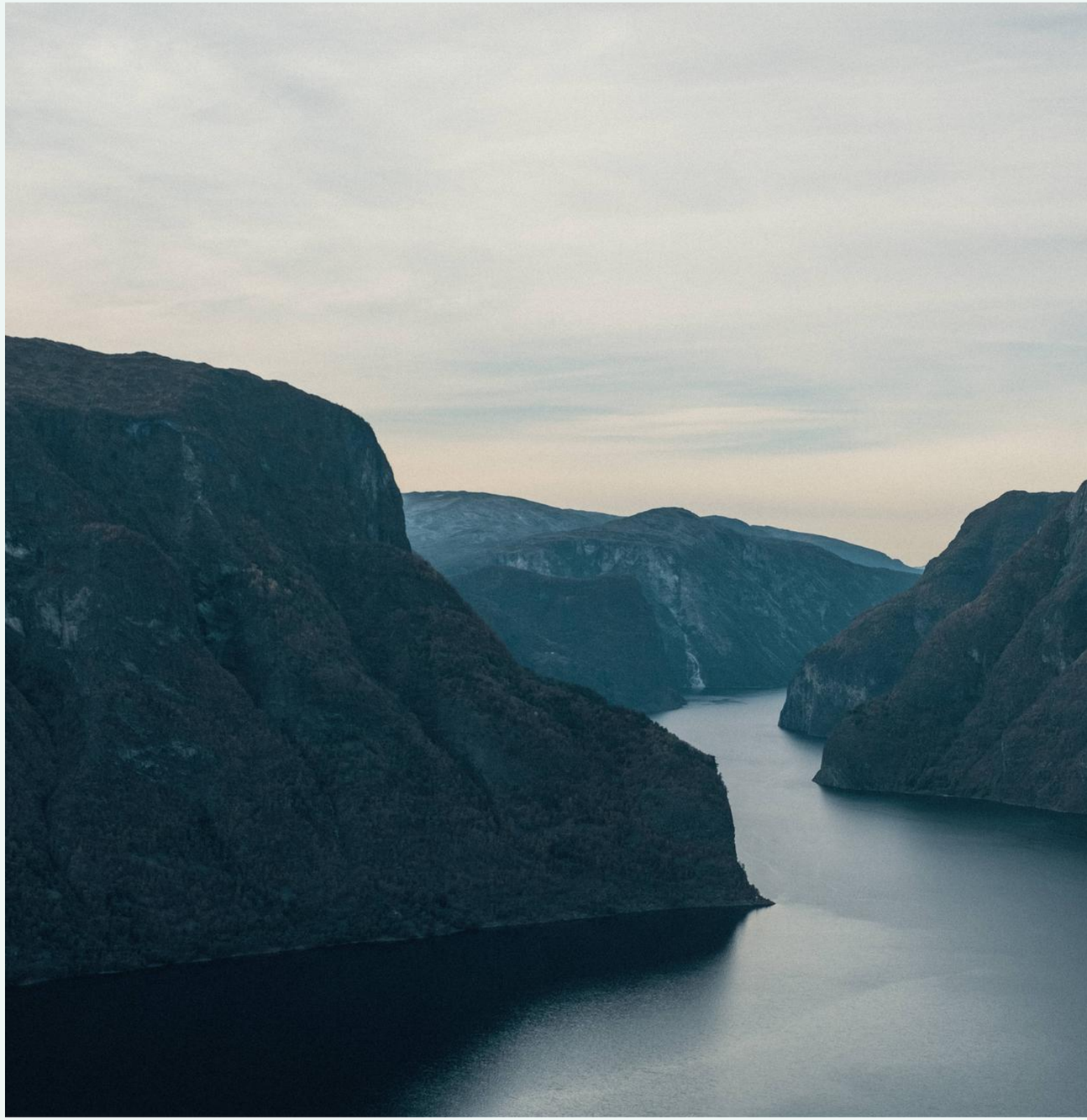
Contents

Financial statements and notes Hafslund AS

Income Statement

1 January - 31 December

NOK million	Note	2024	2023
Other operating revenue		123	96
Revenues and other income		**123**	**96**
Salary and other personnel expenses	4	-139	-106
Other operating costs	5	-156	-86
Profit/loss from associates and joint ventures		3	-13
Depreciation and amortisation		-4	-4
Operating profit		**-174**	**-115**
Interest income	6	1,675	1,742
Interest expenses	6	-1,408	-1,540
Dividend from subsidiaries	6	2,283	2,085
Other financial income	6	78	573
Other financial costs	6	-13	-116
Net financial items	6	**2,616**	**2,743**
Profit before tax		**2,442**	**2,628**
Income taxes	7	129	134
Profit after tax		**2,313**	**2,495**



Balance sheet

31 December

NOK million	Note	2024	2023
ASSETS			
Deferred tax assets	7	-	3
Intangible assets		21	22
Property, plant and equipment		163	166
Investments in associates and joint ventures		36	33
Other non-current assets	8, 9	25,126	23,247
Shares in subsidiaries	10	30,111	30,274
Non-current assets		**55,457**	**53,746**
Other current receivables		3	7
Current receivables from group companies	9	2,370	1,656
Cash and cash equivalents	11	5,928	8,435
Current assets		**8,301**	**10,098**
Assets		**63,758**	**63,844**

NOK million	Note	2024	2023
EQUITY AND LIABILITIES			
Paid in capital	12	23,594	23,594
Other equity	12	10,701	10,328
Equity	12	**34,295**	**33,922**
Non-current interest-bearing debt[1]	13	16,255	14,126
Deferred tax liabilities	7	5	-
Other non-current liabilities		11	17
Non-current liabilities		**16,271**	**14,143**
Current interest-bearing debt[1]	13	3,886	3,718
Trade payables		9	7
Other current non-interest-bearing debt	14	2,475	3,099
Tax payable		78	-
Current liabilities to group companies	9	6,745	8,918
Other current liabilities		-	37
Current liabilities		**13,193**	**15,781**
Equity and liabilities		**63,758**	**63,844**

[1] *Comparison figures have been changed. Please see note 5.2 and note 13 Interest-bearing debt for more information.*

Cash flow statement

1 January - 31 December

NOK million	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,442**	**2,628**
Adjustments from:			
Depreciations, amortisations and impairments		4	4
Profit/loss from associates and joint ventures		-3	13
Changes in trade receivables and other receivables	9	82	-58
Changes in trade payables and other non-interest-bearing liabilities	9, 14	-74	45
Net financial items	6	-2,616	-2,743
Other non-cash income and expenses		-	-44
Cash flows from operating activities		**-165**	**-154**
Taxes paid	7	-	-
Net cash flows from operating activities		**-165**	**-154**

NOK million	Note	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment		-	-3
Dividend received from subsidiaries		2,002	2,473
Payment of loan to subsidiaries	8	-1,850	-
Loan repayments received from subsidiaries	8	-	2,562
Interest received from subsidiaries		1,385	1,412
Interest received		258	424
Settlement of power hedging from subsidiaries		-	829
Other investment activities		348	9
Cash flows from investing activities		**1,642**	**7,650**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds	13	6,740	1,530
Loan repayments	13	-4,444	-2,820
Effects from currency swaps on loan repayments		-	310
Changes in cash pool arrangement	9	-2,300	-7,460
Dividends paid	14, 16	-2,600	-2,100
Interest paid		-1,331	-1,461
Other financing activities		-49	-1
Cash flows from financing activities		**-3,985**	**-12,001**
Changes in cash and cash equivalents		**-2,508**	**-4,505**
Cash and cash equivalents at 1 January	11	8,435	12,912
Currency exchange rate effects on cash and cash equivalents		1	29
Cash and cash equivalents at end of period	11	**5,928**	**8,435**

Oslo, 3 April 2025

The Board of Directors of Hafslund AS

Jarle Roth
Chair of the Board

Bjørn Erik Næss

Halvor Kr. Halvorsen

Bård Vegar Solhjell

Hilde Veum-Wahlberg

Håkon Rustad

Maria Tallaksen

Kristin Færøvik

Finn Bjørn Ruyter
CEO

Note 1 Accounting policies

The financial statements of Hafslund AS have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway (NGAAP) for large enterprises. The company's headquarters is located in Oslo.

Revenue recognition

Hafslund AS's operating revenues consist mainly of services provided to Group companies and are recognised as revenue when the service is delivered. Interest income consists of interest revenues from group companies and interest from cash on bank accounts and is recognised as income when it is earned. Dividends that are declared in the subsidiaries are recognised as revenue in the same year as the dividend is declared.

Classification

Assets intended for permanent ownership or use are classified as non-current assets. Receivables that are repaid within one year, as well as assets that are not intended for permanent ownership or use for the business, are classified as current assets. Debt maturing later than one year after the end of the financial year is classified as long-term debt. Other debt is classified as current liabilities.

Measurement principles

Trade and other receivables
Trade and other receivables are measured at nominal value less provisions for expected losses. Provisions for losses are made based on an individual assessment of the individual receivables. The majority of the company's trade receivables are receivables from companies in the same group.

Investments in subsidiaries
Investments in subsidiaries are measured in accordance with the cost method. Investments in subsidiaries are written down to fair value when impairment is due to reasons that cannot be assumed to be temporary, and it must be considered necessary in accordance with generally accepted accounting practice. Impairment losses are reversed when the basis for impairment is no longer present. Dividends received and other profit distributions from subsidiaries are recognised as financial income.

Investments in associates and joint ventures
Investments in associates are measured in accordance with the equity method. Dividends received are recognised in the balance sheet against the associates' or joint ventures' balance.

Income taxes
The tax expense is based on the profit or loss before tax. The tax expense comprises taxes payable and changes in deferred tax liabilities/ deferred tax assets. Taxes payable is calculated based on the taxable profit for the year. Deferred tax recognised in the balance sheet is calculated in accordance with the offset method, with full provision for net tax-increasing temporary differences based on tax rates and nominal amounts at the balance sheet date. Deferred tax assets relating to net tax-reducing temporary differences and tax losses carried forward are recognised based on an assessment of the probability of there being sufficient future earnings or ability to utilise tax positions that can be offset through Group contributions.

Note 1 Accounting Polices

(cont.)

Interest-bearing liabilities

Interest-bearing liabilities are measured at amortised cost using the effective interest method.

For all loans denominated in foreign currency, the principal payments and fixed interest in foreign currency have been swapped in a 1:1 ratio into principal payments in Norwegian kroner (NOK) and floating interest payments in Norwegian kroner by entering into combined interest rate and currency swap agreements. The hedging instruments have the same duration and maturity as the loans and there is an economic relationship between the hedging instruments and the hedged items. The hedges are accounted for as fair value hedges under NRS 18.20 (alternative 2B), and the book value of loans in the balance sheet shows the principal in Norwegian kroner. Similarly, both interest costs and accrued interest reflect the floating interest rate the company pays in Norwegian kroner.

Furthermore, terms on bond loans in Norwegian kroner have been swapped from fixed to floating interest rates using interest rate swaps. These hedges are also treated as fair value hedges in accordance with NRS 18.20 (alternative 2B). The hedging instruments have the same duration and maturity as the loans and there is an economic relationship. Both interest costs and accrued interest reflect the floating interest rate the company pays in Norwegian kroner.

The derivatives are not recognised in the balance sheet. Unrealised loss/gain on the derivatives offset the gain/loss from the hedged risk.

The consideration of hedge accounting could potentially be affected by the uncertainty of a possible change from NIBOR to a reformed NOWA rate.

The company has for the time being continued hedge accounting despite this uncertainty, cf. the statement from the Norwegian Accounting Foundation of 31 January 2020 “Accounting effect of the IBOR reform”.

Impairment testing

Property, plant and equipment, investments in associated companies and investments in subsidiaries are monitored on an ongoing basis for indications of impairment. Please see note 3.3 Impairment testing in the consolidated financial statements.

Basis of preparation of statement of cash flows

The cash flow statement has been prepared in accordance with the indirect method. This means that the starting point of the statement is the Company’s profit before tax in order to be able to present cash flows from ordinary operating activities, investing activities and financing activities, respectively.

Change in comparative figures

Hafslund has a subordinated loan from CCS Finansiering AS, which is classified as short-term interest-bearing debt. This subordinated loan was classified as long-term as of December 31, 2023. In the comparative figures for 2023, the classification of the loan has been revised from long-term to short-term interest-bearing debt. For further information, please see note 13 Interest-bearing debt.

Note 2 Climate Risk

Reference is made to note 1.3 Climate risk in 2024 in the consolidated financial statements.

Note 3 Transactions and events in 2024

Reference is made to note 1.6 Transactions and events in 2024 in the consolidated financial statements.

Note 4 Salaries and other personnel costs

1 January - 31 December

NOK million	2024	2023
SALARIES AND OTHER PERSONNEL COSTS		
Wages and salaries	104	74
Employers' national insurance contributions	16	12
Pension costs	12	2
Other personnel costs	7	11
Salaries and other personnel costs	**139**	**106**
Average number of FTEs (Full-time equivalents)	78	50

For remuneration to senior executives, please see note 7.1 Remuneration to senior executives and Board members in the consolidated financial statements.

Note 5 Other operating costs

1 January - 31 December

NOK million	Note	2024	2023
OTHER OPERATING COSTS			
Maintenance		16	12
Purchase of external services		64	33
Office expenses		5	4
Sales and marketing expenses		28	6
Insurance		3	2
Other items		13	11
Other items - Group Companies	10	27	19
Other operating costs		**156**	**86**

NOK thousand	2024	2023
AUDITOR'S FEES SPECIFICATION		
Mandatory audit	1,121	1,036
Other assurance services[1]	1,093	89
Other non-audit fees	259	70
Total auditor's fees (excl. VAT)	**2,473**	**1,195**

[1] *Increase in other assurance services is mainly due to attestation resulting from the EU's Corporate Sustainability Reporting Directive (CSRD)*

Value-added tax is not included in the specified audit fee.

Note 6 Financial items

1 January - 31 December

NOK million	2024	2023
INTEREST INCOME		
Interest income	258	424
Interest income from Group companies	1,417	1,317
Interest income	**1,675**	**1,742**
Interest expense		
Interest expense	-1,026	-870
Interest expense to Group Companies	-382	-670
Interest expense	**-1,408**	**-1,540**
OTHER FINANCIAL INCOME/ EXPENSES		
Dividends from subsidiaries	2,283	2,085
Other financial income	78	537
Other financial cost	-13	-93
Exchange differences	-	36
Loss on sale of shares	-	-23
Other financial income/expenses	**2,348**	**2,541**
Net financial items	**2,616**	**2,743**

Of the company's interest expenses, NOK 356 million (NOK 335 million) are interest on subordinated loans from the City of Oslo and CCS Financing AS. Reference is also made to note 13 Interest-bearing debt.

Income from dividends from subsidiaries in 2024 consists of dividends of NOK 1,399 million from Hafslund Kraft AS, NOK 587 million from Hafslund Produksjon Holding AS and NOK 297 million from Hafslund Vekst AS.

Other financial income/expenses mainly consist of unrealised value changes and realised losses from a power and currency hedging agreement that the company has entered into with its subsidiary Hafslund Kraft AS. The realised amount on the currency forwards is NOK 0.4 million in 2024 (NOK 36 million).

Note 7 Income taxes

1 January - 31 December

NOK million	2024	2023
TAX EXPENSE		
Income tax payable	123	14
Deferred tax on actuarial gain/loss against equity	-2	-
Change in deferred tax liability/(asset)	8	120
Tax expense for the year	**129**	**134**

NOK million	2024	2023
RECONCILIATION OF TAX RATE		
Profit before tax	**2,442**	**2,628**
22 % (22 %) of profit before tax	537	578
22 % (22 %) of permanent differences	-406	-435
22 % (22 %) actuarial gains and losses	-2	-
Other	-	-9
Tax expense for the year	**129**	**134**

NOK million	2024	2023
DEFERRED TAX		
GENERAL INCOME TAX		
Financial Instruments	-	-24
Property, plant and equipment	121	124
Other	-21	-13
Receivables	-90	-90
Pensions	8	-9
Provisions	4	-
Total	**22**	**-13**
Tax rate	22%	22%
Deferred tax liability (asset)	**5**	**-3**

Note 8 Other non-current receivables

31 December

NOK million	2024	2023
OTHER NON-CURRENT RECEIVABLES		
Non-current interest bearing loans to Group Companies	24,993	23,121
Other non-current non-interest- bearing receivables	118	119
Pension assets	15	7
Other non-current receivables	**25,126**	**23,247**

At the end of 2024, non-current interest-bearing loans to group companies consist of loans to Hafslund Vekst AS, Hafslund Kraft AS and Hafslund Celsio AS.

The loans to Hafslund Vekst AS are a total of NOK 6,006 million, of which NOK 3,135 million is a subordinated loan. The loans to Hafslund Vekst mature in 2041.

The loans to Hafslund Kraft AS are a total of NOK 15,815 million (NOK 14,215 million) and mature in 2029.

The loans to Hafslund Celsio AS are a total of NOK 3,172 million (NOK 2,900 million), of which NOK 2,400 is an ordinary loan which matures in 2047. NOK 772 million (NOK 500 million) represents a drawdown on a loan facility which was established in connection with the Hafslund Celsio transaction in May 2022. The loan facility has a limit of NOK 10,000 million, will be used to partially finance designated investments in Hafslund Celsio AS and has a term to maturity until 2052 with the possibility of extension. Interest on the loan facility can, under certain conditions, be added to the principal instead of being paid in cash.

Note 9 Intercompany

31 December

NOK million	2024	2023
CURRENT RECEIVABLES FROM GROUP COMPANIES		
Receivables from group companies	21	98
Dividend from group companies	1,532	1,250
Receivables in cashpool-agreement for group	556	56
Accrued interest	262	252
Total current receivables from group companies	**2,370**	**1,656**

NOK million	2024	2023
NON-CURRENT RECEIVABLES TO GROUP COMPANIES		
Loan to group companies	24,993	23,121
Non-current derivatives	-	1
Total non-current receivables to group companies	**24,993**	**23,122**

NOK million	2024	2023
CURRENT DEBT WITH GROUP COMPANIES		
Trade payables to group companies	23	38
Other liabilities to group companies	-	33
Group contribution	211	61
Debt in cashpool-agreement for group	6,511	8,812
Total current liabilities to group companies	**6,745**	**8,944**

Note 9 Intercompany

(Cont.)

Current receivables to group companies mainly consist of dividends from subsidiaries. In 2024, Hafslund AS has receivables on dividends of NOK 648 million from Hafslund Kraft AS, NOK 587 million from Hafslund Produksjon Holding AS, and NOK 297 million from Hafslund Vekst AS.

1 January - 31 December

NOK million	2024	2023
INTERCOMPANY-TRANSACTIONS		
Operating income from group companies	114	84
Operating costs to group companies	-27	-19
Total operating income from group companies	**86**	**65**
Other financial income	57	-
Other financial cost	-1	-53
Interest income from group companies	1,417	1,317
Interest income to group companies	-382	-670
Net financial income from group companies	**1,091**	**594**

In 2024, Hafslund AS invoiced NOK 114 million to its subsidiaries (NOK 84 million). The subsidiaries have also invoiced Hafslund AS, with the largest amount related to Hafslund Kraft AS, which invoiced NOK 26 million to the parent company (NOK 16 million).

Note 10 Shares in subsidiaries

31 December

NOK million	Registered office	Shareholding/ voting rights	Carrying amount
2024			
Shares in Hafslund Vekst AS	Oslo	100%	7,686
Shares in Hafslund Kraft AS	Oslo	57%	5,784
Shares in Hafslund Produksjon Holding AS	Oslo	90%	7,148
Shares in Oslo Lysverker AS	Oslo	100%	245
Shares in Hafslund Celsio AS	Oslo	60%	9,248
Shares in subsidiaries			**30,111**

31 December

NOK million	Registered office	Shareholding/ voting rights	Carrying amount
2023			
Shares in Hafslund Vekst AS	Oslo	100%	7,520
Shares in Hafslund Kraft AS	Oslo	57%	5,784
Shares in Hafslund Produksjon Holding AS	Oslo	90%	7,148
Shares in Oslo Lysverker AS	Oslo	100%	245
Shares in Hafslund Celsio AS	Oslo	60%	9,578
Shares in subsidiaries			**30,274**

Please see note 3.3 Impairment Testing in the consolidated financial statements for assessments related to Hafslund Celsio AS.

Note 11 Cash and cash equivalents

Hafslund AS is the account holder of corporate cash pooling systems with Nordea, DNB and SEB, respectively. A corporate cash pooling system entails joint liability among the participating companies. The group account holder's, Hafslund AS', deposits or overdrafts constitute the only direct balance with the bank, while the respective subsidiaries' accounts are regarded as intercompany balances with Hafslund AS.

Deposits on the top account in the cash pooling system that Hafslund AS has directly with the bank are presented in the line Bank deposits in the balance sheet. Intra-group balances in the cash pooling systems are presented as intercompany receivables or intercompany liabilities. Please refer to note 9 for more information on balances related to the cash pooling arrangements.

Reference is also made to note 5.11 Cash and cash equivalents in the consolidated financial statements.

Note 12 Equity

NOK million	Share Capital	Share premium	Other equity	Total equity
Equity at 31 December 2022	**110**	**23,484**	**11,034**	**34,628**
Actuarial gains and losses	-	-	-2	-2
Profit for the year	-	-	2,495	2,495
Dividend 2023	-	-	-2,600	-2,600
Additional dividend	-	-	-600	-600
Equity at 31 December 2023	**110**	**23,484**	**10,327**	**33,922**
Actuarial gains and losses	-	-	10	10
Profit for the year	-	-	2,313	2,313
Dividend 2024	-	-	-1,950	-1,950
Equity at 31 December 2024	**110**	**23,484**	**10,701**	**34,295**

The total number of shares is 100,000 and the nominal value of the shares is NOK 1,100 per share. City of Oslo owns all the shares.

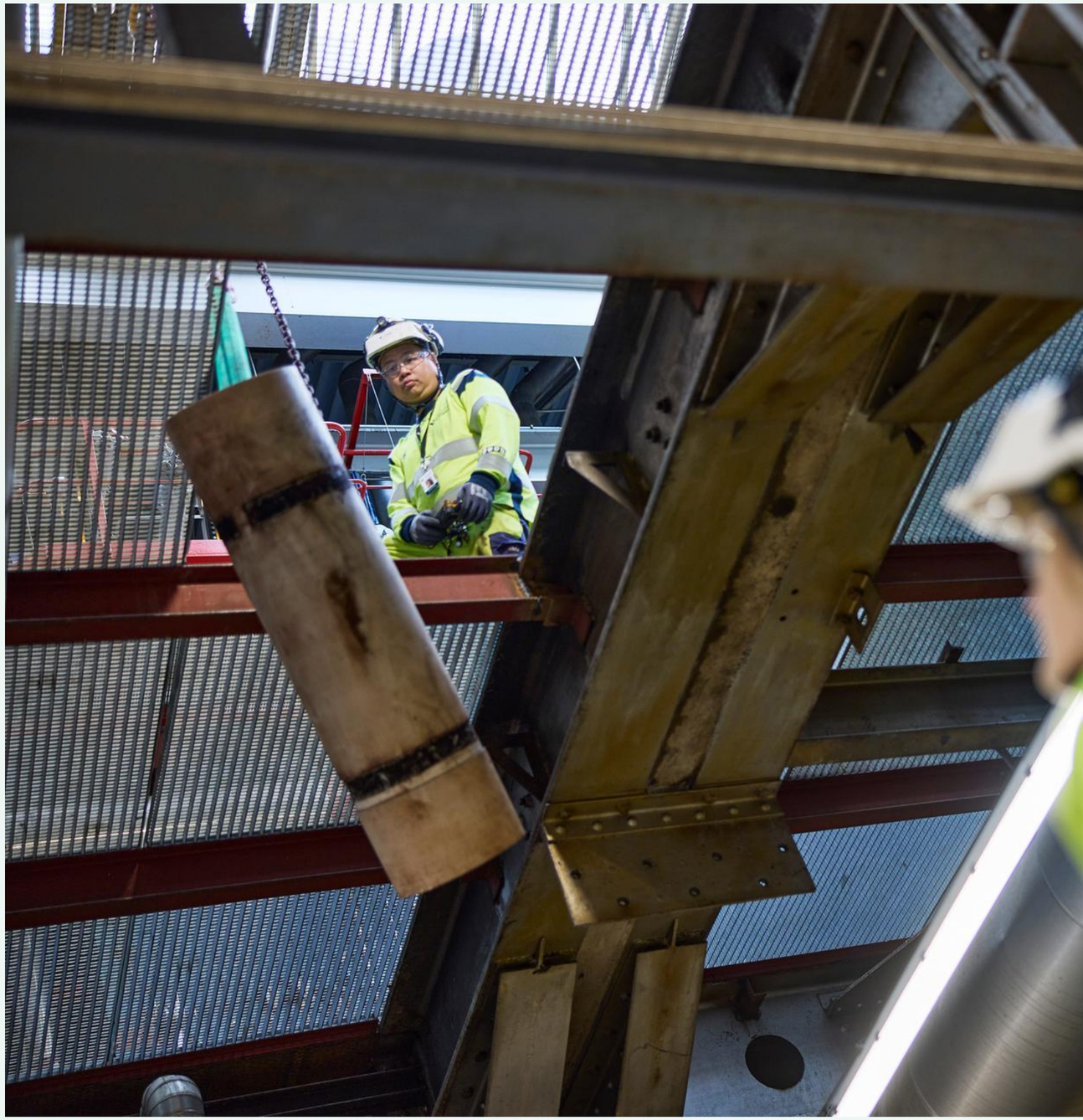
Note 13 Interest-bearing debt

As shown in the table below, Hafslund AS has three subordinated loans from CCS Finansiering AS, a company 100 per cent owned by the City of Oslo. The subordinated loan of NOK 2,075 million was established in connection with the Hafslund Oslo Celsio transaction in 2022. The loan has an interest rate of 6.3 per cent, and is an interest-only loan with maturity date on 19 May 2042. According to the loan agreement, the debtor may make a claim for payment of extraordinary instalments corresponding to any payment obligation the City of Oslo or CCS Finansiering AS receives in connection with the external financing of the CCS project. Hence, the loan is classified as current interest-bearing debt. The loan was classified as a non-current interest-bearing debt as of 31 December 2023. In the comparative figures for 2023, the classification of the loan has been reclassified from non-current to current interest-bearing debt.

The other two subordinated loans of NOK 2,347 million (NOK 2,347 million) and NOK 1,000 million (NOK 1,000 million) has an interest rate of 7.1 and 5.9 per cent respectively.

If the Group's profit for the year shows deficit after charged interest on these subordinated loans, the interest rate shall be reduced by either the deficit or to NOK 0. Any reduction is final, and the interest amount shall not be paid later.

Hafslund AS has an overdraft facility of NOK 1,000 million and a syndicated credit facility of NOK 2,500 million maturing in November 2028. Both were unused as of 31 December 2024. Hafslund AS also has an overdraft facility of EUR 50 million to cover daily market settlement for futures contracts on Nasdaq Clearing AB. EUR 49 million was unused as of 31 December 2024.



Note 13 Interest-bearing debt *(cont.)*

31 December

NOK million	Loan amount in currency	Currency	Due date	2024	2023
Commercial paper issue in the Norwegian market	500	NOK	2024	-	500
Short-term bank loan	30	NOK	2024	-	30
The Nordic Investment Bank	2,615	NOK	2024-2034	3,535	2,615
Bond issue in the Norwegian market	450	NOK	2024	-	450
Bond issue in the Norwegian market	293	NOK	2024	-	293
Private placement in the American market	290	NOK	2024	-	290
Short-term bank loan	12	EUR	2025	146	-
Bond issue in the Norwegian market	1,000	NOK	2025	1,000	1,000
Bond issue in the Norwegian market	500	NOK	2026	500	500
Private placement in the American market	25	USD	2026	143	143
Private placement in the American market	910	NOK	2027	910	910
Bond issue in the Norwegian market	1,000	NOK	2027	1,000	-
Private placement in the Japanese market	5,000	JPY	2028	301	301
Bond issue in the Norwegian market	500	NOK	2028	500	500
Bond issue in the Norwegian market	250	NOK	2029	250	250
Private placement in the Japanese market	5,000	JPY	2029	296	296
Private placement in the American market	723	NOK	2029	723	723
Bond issue in the Norwegian market	500	NOK	2029	500	500
Bond issue in the Norwegian market	500	NOK	2030	500	-
Bond issue in the Norwegian market	200	NOK	2030	200	200
Bond issue in the Norwegian market	200	NOK	2031	200	200
Private placement in the American market	125	USD	2031	1,036	1,036
Private placement in the German market	30	EUR	2031	237	237
Bond issue in the Norwegian market	500	NOK	2031	500	-
Private placement in the American market	848	NOK	2032	848	848
Private placement in the American market	600	NOK	2033	600	600
Bond issue in the Norwegian market	800	NOK	2034	800	-
Subordinated loan from CCS Finansiering AS	2,347	NOK	2037	2,347	2,347
Subordinated loan from CCS Finansiering AS	1,000	NOK	2041	1,000	1,000
Subordinated loan from CCS Finansiering AS	2,075	NOK	2042	2,075	2,075
Book value interest-bearing debt				**20,147**	**17,844**
Amortisation of fees				**-6**	0
Book value interest-bearing debt				**20,141**	**17,844**
Hereof book value current interest-bearing debt				3,886	3,718
Hereof book value non-current interest-bearing debt				16,255	14,126

Note 14 Other current non-interest-bearing liabilities

31 December

NOK million	Note	2024	2023
OTHER CURRENT NON-INTEREST-BEARING LIABILITIES			
Accrued interest		484	470
Accrued dividend	16	1,950	2,600
Other tax liabilities		23	21
Other current liabilities		18	8
Other current non-interest-bearing liabilities		**2,475**	**3,099**

Note 15 Guarantees

As security for certain obligations, the Company purchases bank guarantees. As of 31 December 2024, these guarantees amounted to NOK 8 million in guarantees for employee withholding tax (NOK 6 million).

Hafslund AS has issued parent company guarantees on behalf of Hafslund Celsio AS and Hafslund Produksjon AS. As of 31 December 2024, issued parent company guarantees amounted to NOK 1 680 million (NOK 2 078 million).

Note 16 Related party transactions

Transactions with subsidiaries

Please refer to note 9 Intercompany for an overview of intercompany balances between Hafslund AS and other companies in the Group.

Subordinated loan from CCS Finansiering AS, a company owned 100 per cent by the City of Oslo

Hafslund AS has three subordinated loans from CCS Finansiering AS, which is a 100 per cent owned company by the City of Oslo. The loans were transported from the City of Oslo to CCS Finansiering AS on 15 December 2022. The total outstanding loan amount as of 31 December 2024 is NOK 5 421 million.

For more information regarding the loans and terms, please refer to note 5.2 Interest-bearing debt and note 9.1 Related party transactions in the consolidated financial statement.

Dividend to The City of Oslo

At the end of 2024, NOK 1 950 million was allocated for ordinary dividends to the City of Oslo. For the financial year 2023 total dividend to the City of Oslo was NOK 2,600 million.

Note 17 Events after the reporting period

Reference is made to note 9.3 Events after the date of the balance sheet in the consolidated financial statement.

Statement pursuant to Norwegian Securities Trading Act Section 5-5

Oslo, 3 April 2025

The Board of Directors of Hafslund AS

We declare to the best of our knowledge that:

- The consolidated financial statements for 2024 have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU, including additional disclosures pursuant to the Norwegian Accounting Act.
- The parent Company's 2024 annual financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway.
- The accounting information provides a true and fair view of the company's and the Group's assets, liabilities and financial position and performance as a whole.
- The Report from the Board of Directors provides a true and fair picture of the development, performance and position of the company and the Group, as well as a description of the most important risk factors and uncertainties facing the business and the Group.
- The annual report has been prepared in accordance with the standards for sustainability reporting established pursuant to section 2-6 of the Norwegian Accounting Act, and in accordance with rules established under the Taxonomy Regulation article 8 paragraph 4.

Jarle Roth
Chair of the Board

Kristin Færøvik

Hilde Veum-Wahlberg

Håkon Rustad

Finn Bjørn Ruyter
CEO

Halvor Kr. Halvorsen

Bård Vegar Solhjell

Bjørn Erik Næss

Maria Tallaksen

Auditor's report

To the General Meeting of Hafslund AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Hafslund AS, which comprise:

- the financial statements of the parent company Hafslund AS (the Company), which comprise the balance sheet as at 31 December 2024, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Hafslund AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Hafslund AS for 7 years from the election by the general meeting of the shareholders on 24 July 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Key Audit Matters	How our audit addressed the Key Audit Matter
Accounting for financial instruments used to hedge power revenues As a power producer, the group is exposed to changes in market prices and uncertainty related to future sales and production volumes. These factors have a significant impact on the group's results. Hafslund AS hedges parts of the future hydropower production within approved frameworks and the group's financial strategy to manage risk. Instruments used to hedge future power production include bilateral price hedging agreements, futures, forward contracts, and EPADs (Electricity Price Area Differentials). Currency forwards with conversion from euros to Norwegian kroner are used to manage currency risk in power trading and hedging. Accounting for financial instruments used to hedge power revenues is a key aspect of our audit due to the volume of transactions, the variety of instruments that can be used, the potentially significant impact on the consolidated financial statements from changes in fair value, and the inherent risk of errors in the accounts due to the complexity of accounting rules. Management explains the accounting for hedge accounting in note 5.1 Financial Instruments, note 5.5 Fair Value, and note 5.6 Derivatives and Hedging.	We mapped and assessed the design of the group's controls related to trading, monitoring, and accounting for power hedging. We have also evaluated the group's accounting principles for financial instruments and hedge accounting against the IFRS Accounting Standards and the group's risk management strategy. Our work included interviews with management and other relevant company functions, gathering and assessing documents related to the use of IT systems, risk management policies, and authorizations. We have familiarized ourselves with and understood the follow-up routines related to authorization frameworks, transactions, and margin requirements. We tested the completeness, existence, and valuation of closed and open positions related to financial instruments by obtaining documentation from external counterparts, mainly Nasdaq, and checked these against a selection of recognised transactions and open positions recorded in the balance sheet. For positions where hedge accounting is applied, we assessed the hedging documentation against the requirements of IFRS 9 and tested a selection of hedging relationships by recalculating the group's calculation of hedge effectiveness reported in other comprehensive income. We have also tested that the inefficient part of the hedging, together with positions that are not hedged, are recognised through profit or loss. We found no significant deviations as a result of our audit procedures We also assessed and concluded that the information in the notes is sufficient and comprehensive.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. Our separate assurance report dated 3 April 2025 on the Sustainability Statement includes a qualified conclusion.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Our opinion on whether the Board of Directors' report contains the information required by applicable statutory requirements, does not cover the Sustainability Statement, on which a separate assurance report is issued.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 3 April 2025
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only.

Sustainability auditor's report

To the General Meeting of Hafslund AS

Independent Sustainability Auditor's Limited Assurance Report

Qualified Limited Assurance Conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Hafslund AS (the «Company») included in section Sustainability statement 2024 of the Board of Directors' report (the «Sustainability Statement»), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the «Process») is in accordance with the description set out in subsection Managing impacts, risks and opportunities in the General information section; and
- compliance of the disclosures in subsection EU taxonomy within the Environment section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the «Taxonomy Regulation»).

Basis for Qualified Conclusion

EU Taxonomy - Do No Significant Harm criteria

As described in the subsection Do No Significant Harm (DNSH); within subsection Assessment of compatibility with taxonomy criteria within the EU Taxonomy section, the Company is of the opinion that the requirement in the DNSH criteria for environmental objective 3 related to the activity "4.5 - Electricity generation from hydropower" is to operate in accordance with the national implementation of the Water Framework Directive. Based on the wording of DNSH 3 criteria and the guidance provided by the EU Commission, we are of the opinion that the EU taxonomy sets forth stricter criteria than those that follow from the Water Framework Directive. The fact that a hydropower plant operates in accordance with national implementation of the Water Framework Directive is, in our opinion, not sufficient to conclude that the hydropower plant fulfills the DNSH 3 criteria. In our opinion, the hydropower plants have not been subject to an assessment of all applicable DNSH criteria. We are therefore unable to conclude on the alignment of the economic activity "4.5 - Electricity generation from hydropower".

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information («ISAE 3000 (Revised)»), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion. Our responsibilities under this standard are further described in the *Sustainability Auditor's Responsibilities* section of our report.

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 behaviour.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Matter

The comparative information included in the Sustainability Statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Statement

The Board of Directors and the Managing Director (Management) are responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in subsection Managing impacts, risks and opportunities in the General information section of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS;
- preparing the disclosures in subsection EU taxonomy within the Environment section of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that Management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Sustainability Auditor's Responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in subsection Managing impacts, risks and opportunities in the General information section.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures 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 a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in subsection Managing impacts, risks and opportunities in the General information section.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:

  - Obtaining an understanding of the Group's control environment, processes, control activities and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control; and
  - Obtaining an understanding of the Group's risk assessment process;
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and other sections of the Board of Directors' report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability Statement; and
- Performed inquiries of relevant personnel, analytical procedures and substantive procedures on selected taxonomy disclosures included in the Sustainability Statement.

Oslo, 3 April 2025
PricewaterhouseCoopers AS

Marius Thorsrud
State Authorised Public Accountant – Sustainability Auditor
Note: This translation from Norwegian has been prepared for information purposes only.

Hafslund

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