

2024

Sustainability Report

småkraft

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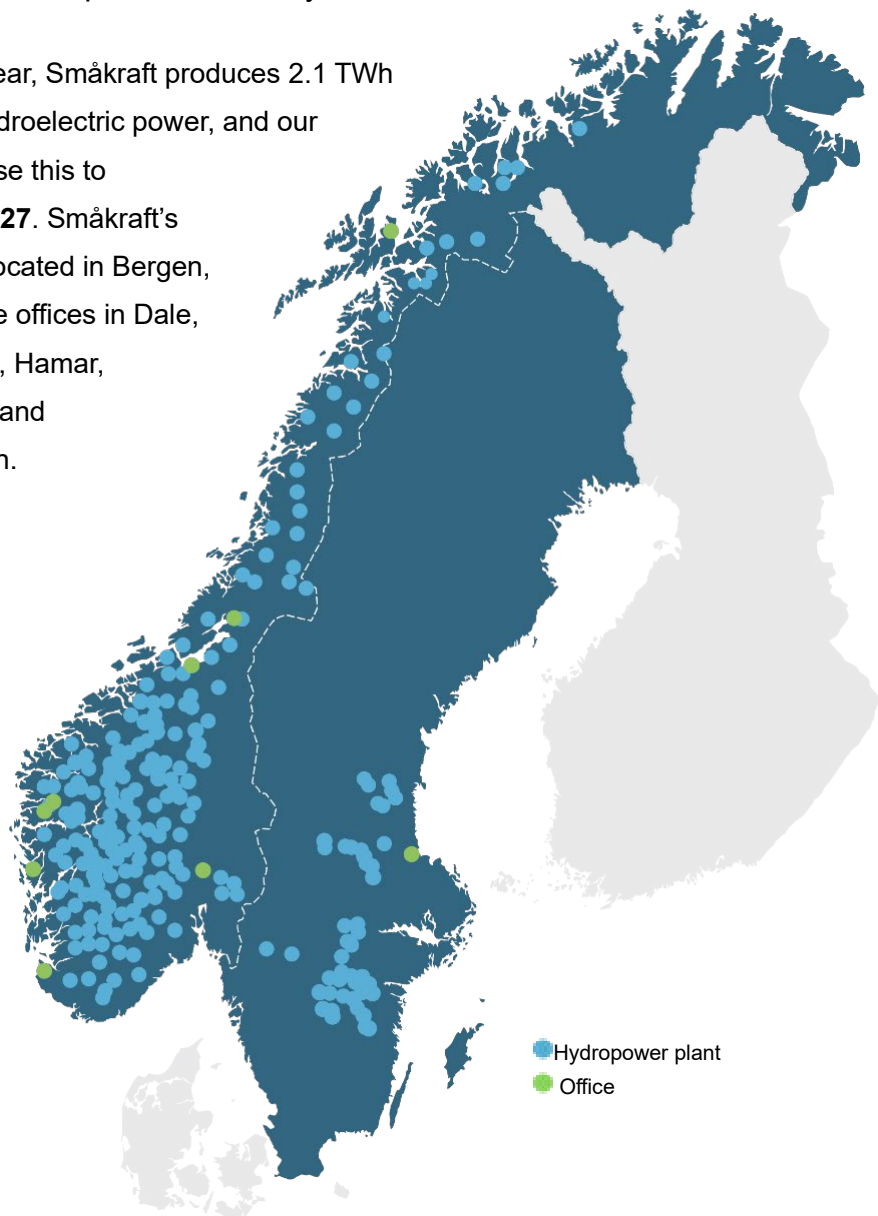


OUR VISION

We create
renewable value
for the next
generation

Småkraft is a leading renewable energy company that specialises in producing renewable energy with small-scale hydroelectric power plants. As a company that plans for the future, we build, own and operate hydroelectric power plants in Norway and Sweden.

In an average year, Småkraft produces 2.1 TWh of renewable hydroelectric power, and our goal is to increase this to **2.75 TWh by 2027**. Småkraft's operations are located in Bergen, but we also have offices in Dale, Førde, Sandnes, Hamar, Harstad, Verdal and Gävle in Sweden.



Our principal goals

We are here to develop local efforts to create renewable energy where feasible, led by our three core values:

Sustainable

- We take safe actions
- Our goal is long term oriented
- We take care of our communities and our environment
- Our actions are based on knowledge and facts

Constructive

- We create values for our shareholders, landowners and employees
- We solve problems
- We find new solutions

Honest

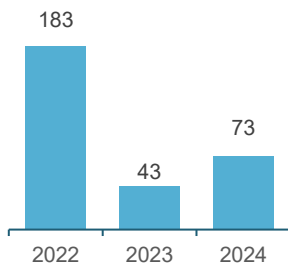
- We are transparent and share information and knowledge internally and externally
- We do what we say we will do



Småkraft figures

Landowners compensation

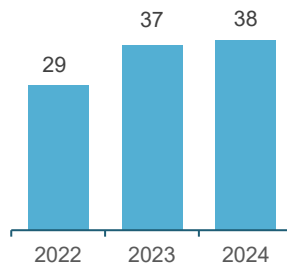
MNOK



Payments to landowners based upon the respective accounting period. Unusually high in 2022 due to high energy prices.

Payments to municipalities

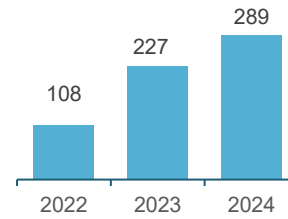
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Paid property tax represents payments directly to the municipalities where the power plants are located.

New capacity under construction

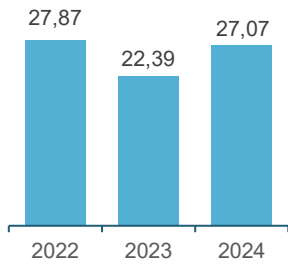
GWh



Average production capacity under construction at year-end.

Emissions saved

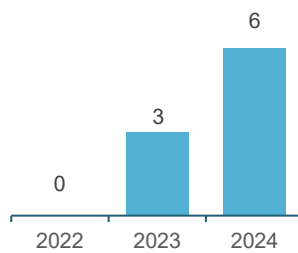
Thousand tCO₂e



CO₂e saved based on yearly production (thousands).

Negative environmental incidents

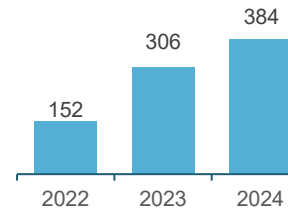
Number of incidents



Minor environmental incidents in 2023. In 2024 there were 3 serious and 3 less serious incidents

Completed HSE training

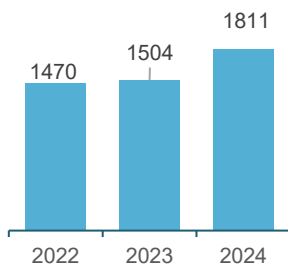
Number of participants



Employees, operators and landowners who have participated in HSE training in the last three years.

Annual production

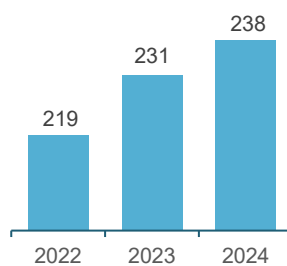
GWh



Electricity delivered into the grid.

Power plants

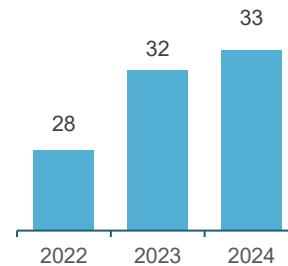
Number



Number of power plants in operation.

Employees

Number



Number of permanent employees

Important events in 2024

January Småkraft took over Myklebust Energi AS (7.4 GWh) and completed the construction of Fossåa hydropower plant (24.4 GWh).

February Småkraft took over Meierifossen hydropower plant AS (5.4 GWh).

July The construction of the Nedre Skorilla hydropower plant (6.6 GWh) was completed.

Småkraft was fined for violating minimum water flow regulations in the Støselva river. The measurements that formed the basis for the minimum water release were conducted by the developer and found to be incorrect. The procedures have now been revised to ensure that Småkraft verifies all new hydropower plants using its own measurements.

August Opening of the rehabilitated and rebuilt Fosstveit hydropower plant (6.9 GWh)

October Småkraft issued a green bond loan (tap issue) of EUR 24.5 million in connection with the financing of 11 small-scale hydropower plants.

Småkraft signed the takeover of Teitafossen and Glutra hydropower plants.

Småkraft was once again named an industry leader in GRESB's annual review of companies' ESG reporting. Småkraft scored 5 out of 5 stars, with 97 points out of a possible 100.

Opening of the Øvre Alsåker hydropower plant (13.3 GWh).

November Småkraft was audited by DLE Bergen (The local electricity authority). No discrepancies were identified during the audit.

Introduction by the CEO



Småkraft is developing 26 % of all new renewable energy in Norway

Terje Vedeler
Managing Director

Småkraft has played a significant role in the development of renewable energy in Norway. According to statistics from NVE, Småkraft accounted for 26 percent of all renewable energy development in Norway and at the turn of the year. Småkraft had 21 hydropower plants under construction. Once again, the company has made the largest contribution to strengthening renewable energy production in Norway, with an increased annual production capacity of 70 GWh for the entire year. In addition, the industry has a number of projects that will ensure further growth in the years to come.

The production of renewable energy generates significantly lower carbon emissions compared to many other energy sources. In addition, our hydropower plants, unlike many energy sources, will be able to generate power for several generations.

Sustainability is an integral part of Småkraft's work processes. Although small-scale power plants generally have a relatively small carbon footprint, Småkraft continuously strives to limit environmental risks and negative impacts during construction, production and operation. We are developing more renewable energy while also preserving nature and biodiversity in accordance with government requirements.

In recent years, Småkraft has faced an increasing number of reporting requirements related to environmental information in addition to social and governance matters. Småkraft takes a positive view of these requirements, as they will enable us to better ensure economic, social and environmental sustainability in our business activities. In 2024, Småkraft has once again secured its strong position in GRESB's assessment of our excellent ability to report on sustainability. Småkraft has also reported on our double materiality assessment as described in the Corporate Sustainability Reporting Directive (CSRD).

Sustainability involves creating meaningful impact, managing risks, seizing opportunities, making strategic investments and optimizing processes. Småkraft prioritizes investing in areas we have identified as the most vital to Småkraft and our stakeholders.

It is important for Småkraft to understand how weather and climate conditions can affect our business. We have registered an increase in extreme weather, and flood situations have also in 2024 had a negative impact on infrastructure in Norway. Småkraft's hydropower plants have proven resistant to flooding, but we have seen examples of flood damage at some of our facilities.

Our collaboration with leading Norwegian research institutions through the Climate Futures project provides us with insights into improving water utilisation and it helps us plan future investments based on anticipated climate changes.

Småkraft seeks to build strong local communities and has had both the pleasure and benefit of working together with more than 1100 landowners who challenge us, support us and provide us with local expertise and new ideas. Our goal is to share value creation with local communities through investments, maintenance, operations, tax payments and waterfall lease payments. These payments create positive ripple effects wherever Småkraft is present.

The Rysna power plant in Vang municipality, which opened in 2024, is a good example of this. Landowners have described this as a positive project, as it uses local contractors and the power plant provides income for the municipalities and local settlements for our landowners.

Small-scale power plants have negative consequences for the natural environment surrounding the power plant. Therefore, our goal is to ensure that the benefits of local value creation and production of clean energy outweigh the disadvantages to nature by fulfilling the requirements set in the concession for the facilities.

In some cases, Småkraft invests in power plants that do not meet the minimum requirements, and where significant investments are needed to sufficiently raise environmental standards. The Fosstveit hydropower plant is one example of this. After two years of extensive upgrades, the power plant reopened in August 2024 with a significant reduction in the impact on fish stocks in the area.

Småkraft is committed to ethical and responsible business operations. It is therefore essential for us to be transparent with landowners, suppliers, authorities, investors and creditors.



Sustainability Report



General information

Reporting principles

Governance and management

Småkraft's strategy and business model

Due diligence assessments

Stakeholder engagement

Double Materiality assessment

Introduction

The Sustainability Report for 2024 is an independent report and complementary to Småkraft's annual report.

The sustainability report is structured into four main parts. In General Information, we present an overview of general principles, Småkraft's overall strategy, sustainability management, our material sustainability issues, stakeholder involvement, in addition

to a description of our materiality assessment process.

In each thematic section (Environmental, Social and Governance) we present Småkraft's essential aspects, including guidelines, goals, measures and results. Information about the EU taxonomy is presented at the bottom of the environmental section.



Principles of sustainability reporting

Sustainable Development Goals

Småkraft AS acknowledges the UN's Sustainable Development Goals and their role in eliminating poverty, fighting inequality and stopping climate change by the end of 2030. We view our business in a larger context, and our vision is for our small and local initiatives to collectively have great significance. We make an active contribution in achieving several of the sustainable development goals.

Småkraft is in a privileged position, with as many as ten of the goals integrated in our business. In our ESG policy, Småkraft has selected the four sustainable development goals that we believe are the most important to our business.

Småkraft is a producer of renewable energy and thus is instrumental in the fight to stop climate change. The production requires interventions in the nature, so the focus on biodiversity is significant. One important part of Småkraft's operations is value creation in local communities where the power plants are located.



Sustainability reporting

Since 2019, Småkraft has followed Euronext's guidelines for ESG reporting. From 2020, Småkraft has employed the GRI standard as a basis for reporting. Småkraft has also used the recommendations of the Task Force on Climate-related Financial Disclosures for several years, and it is working to achieve compliance with these. The company has also voluntarily reported on the EU taxonomy in both 2023 and 2024, based on our understanding of this. See the dedicated chapter for detailed information.

Småkraft is not required to report in accordance with the CSRD for the 2024 financial year, but the double materiality assessment has been prepared based on the Corporate Sustainability Reporting Directive (CSRD) and we are working towards adapting to the regulations. The purpose of Småkraft's reporting is to provide stakeholders with a correct and balanced picture of relevant aspects, activities, practices and results for 2024.

The basis for the preparation is as described below:

Consolidation and principles for sustainability reporting

The sustainability report has been prepared on a consolidated basis as for the financial statements and includes the same units. If other assumptions have been made, this is stated in the report.

Reporting scope

Our sustainability report covers both upstream, our own operations and downstream activities where information is available.

Information in connection with special circumstances

Småkraft has not utilized the opportunity to exclude information related to intellectual property rights, expertise or results of innovations. Additionally, the company has not taken advantage of the exemption from disclosing upcoming developments or matters currently under consideration.

Estimates and assessments

The basis for calculating and presenting sustainability indicators is described in the notes to the respective figures, including information on whether the indicators are measured directly or estimated based on sources such as third-party data or sector averages.

Data is collected from Småkraft's operational units based on local management systems, measurements, calculations and purchasing data. Checks are performed to ensure that the information is complete and accurate. The absence of widely accepted reporting standards and practices for some data can result in uncertainties in information and data quality.

The data basis for calculating Scope 1 and 2 greenhouse gas emissions is primarily based on activity data. Scope 3 greenhouse gas emissions are based on estimates in the absence of activity data. Emission factors

are obtained from various sources depending on the type of emission. Småkraft will continuously work to improve data collection from suppliers to increase accuracy.

There is a high uncertainty of measurement related to emissions data and costs associated with climate risk. Assumptions and estimates are based on historical data and market insights from the industry.

Disclosure of forward-looking information

When Småkraft shares forward-looking information, it is based on current expectations and assumptions, which may be uncertain. This information provides insight into our plans and goals, but may be affected by factors beyond our control, such as market conditions and regulatory changes.

Change in reporting in previous periods

Revised comparative figures are included where possible, and differences from previous reports are explained.

Reporting on human rights and reporting required under the Norwegian Transparency Act of 2021 are presented under Due Diligence Assessments. Further details on Småkraft's separate statement based on the Norwegian Transparency Act can be found at www.smaakraft.no.

In the ESRS index in the appendix, we have provided an overview of the ESRS disclosure requirements incorporated in the sustainability report by referring to other sections in the report.

Governance and management

Roles and responsibilities of the board and management

The board of the company is the company's overarching body elected by our shareholders through the annual general meeting. The board approves strategic measures in the company and follows up the business through periodic reporting and ordinary board meetings. The board appoints a CEO who selects the management team. These are responsible for the day-to-day management of the business, including a responsibility for ensuring adherence to the sustainability strategy within the organisation. The management team is also responsible for ensuring that the strategy, including sustainability, is reviewed annually and remains valid for the next five years.

The board is responsible for approving Småkraft's strategic direction, including sustainability, as well as the guidelines for ethical business operations. The board is responsible for overseeing Småkraft's compliance by regularly reviewing risk assessments, audits and follow-up plans submitted by management to address identified areas for improvement.

The management group is responsible for ensuring and documenting that the company has the necessary competence (collective knowledge) to carry out the assigned tasks.

This is clarified and followed up through our overall quality plan for the company. Management is responsible for defining strategy and establishing guidelines, procedures and monitoring mechanisms to ensure an effective implementation of the strategy. The company's CEO is responsible for defining strategies, goals, policies and processes related to environmental, social and governance matters, and for driving the

integration of these into the core business processes.

The board is comprised of four members who are not in executive management. In 2024, Småkraft's board members consist of two women and two men, and the board chair is a woman. The board members have different educational backgrounds and experience relevant to Småkraft.

The board carries out an annual board evaluation. This includes annual reviews of each individual department of the company, and of the managing director, and documents this through the ordinary board minutes.

The company's executive management is comprised of one woman and three men. The members of the executive management team have different backgrounds relevant to Småkraft, as well as knowledge of material sustainability topics for the company.

Employees of Småkraft have the right to organise themselves as they see fit.

Småkraft carries out an annual evaluation of salary-related conditions. The company shall provide competitive pay but will not have a lead-the-market strategy for pay in the industry. Compensation will initially be a fixed salary, where we adhere to the principle of equal pay for equal work, but the board can also decide on incentive schemes linked to specific goals for the company.

Management has no KPIs for sustainability related to its compensation, with the exception that one of the minimum requirements for bonus payments is that no serious HSE, reputational or material incidents shall have occurred, decided at the Board's discretion.

Roles and responsibilities related to business conduct

The overall responsibility for business conduct in Småkraft lies with the board through their management responsibilities by providing frameworks and principles for the company. The board's responsibilities are operationalised through Småkraft's CEO and management.

The company's governing documents are part of Småkraft's management system, which helps ensure management and control of the business through specific requirements and guidelines, as well as a clarification of roles and responsibilities between the owner, the board and the administration.

The board receives regular updates on specific issues throughout the year. Controls and procedures are used to manage

impacts, risks and opportunities in the value chain. This includes guidelines and procedures related to the assessment and management of sustainability-related matters, monitoring of the company's activities, as well as the follow-up of suppliers and other business partners. These controls are included in our internal processes.

Sustainability is integrated into the company's existing governance and reporting structures, and Småkraft continuously works to improve our systems. This includes the company's monthly reporting to ensure the effective monitoring of goals, strategies, and results.

Management and the board also assess selected impacts, risks and opportunities as part of investment decisions for Småkraft, including trade-offs and dilemmas that arise concerning material topics.



The Board of Directors of Småkraft



Annette Malm Justad

Chair of the Board

- Educated as a chemical engineer with a master's degree in technology management
- Over 25 years of operational experience from Yara and Norsk Hydro, including shipping, and has served as CEO of the publicly listed EMS ASA
- Today, she is Chair of the Board and a board member of several publicly listed and private companies



Claudia Ahnert

Board Member

- Law degree from the Technical University of Dresden
- 7 years of experience in hydropower as an Investment Manager at Aquila Capital
- Over 15 years of experience in the legal sector, the financial sector, and the renewable energy sector



Oldrik Verloop

Board Member

- Master's degree in Dutch Civil Law from Leiden University and an MBA from the University of St. Gallen
- 10years' experience with hydropower as Co-Head of Hydropower and Asset Management roles at Aquila Capital
- Advisor and board member of international private companies



Felix Renneke

Board Member

- Law degree in corporate law, mergers and acquisitions from FOM University in Essen
- Over 10 years of experience in renewable energy
- Head of Asset & Fund Management, Hydropower, at Aquila Capital
- 2 years of consulting experience at PwC

Management at Småkraft



Terje Vedeler

Chief Executive Officer

- MSc in Hydropower Engineering from Norwegian University of Sciences and Technology (NTNU)
- 35 years' experience in leading positions in companies including Framo, FMC, Aker Solutions and Frydenbø Industrier



Pia Christine Helland

Chief Financial Officer

- Master's degree in finance from the Norwegian School of Economics (NHH), a law degree (cand.jur.) from the University of Bergen, and an Executive Master's program in Sustainable Business Strategy from NHH
- More than 20 years of experience in various roles within Corporate Banking, Corporate Finance, and Capital Markets in companies including DNB, Carnegie, Credit Suisse and Danske Bank



David Inge Tveito

Chief Operating Officer

- Master's degree in Electrical Energy Engineering from the Norwegian University of Science and Technology (NTNU)
- 20 years of experience in energy companies, including Statkraft, Scanenergy, and Captiva



Bjarte Skår

Chief Commercial Officer

- 21 years of experience as Head of Hydropower at Brødrene.
- Dahl AS2 years as CEO of Hywer

Småkraft's business model and value chain

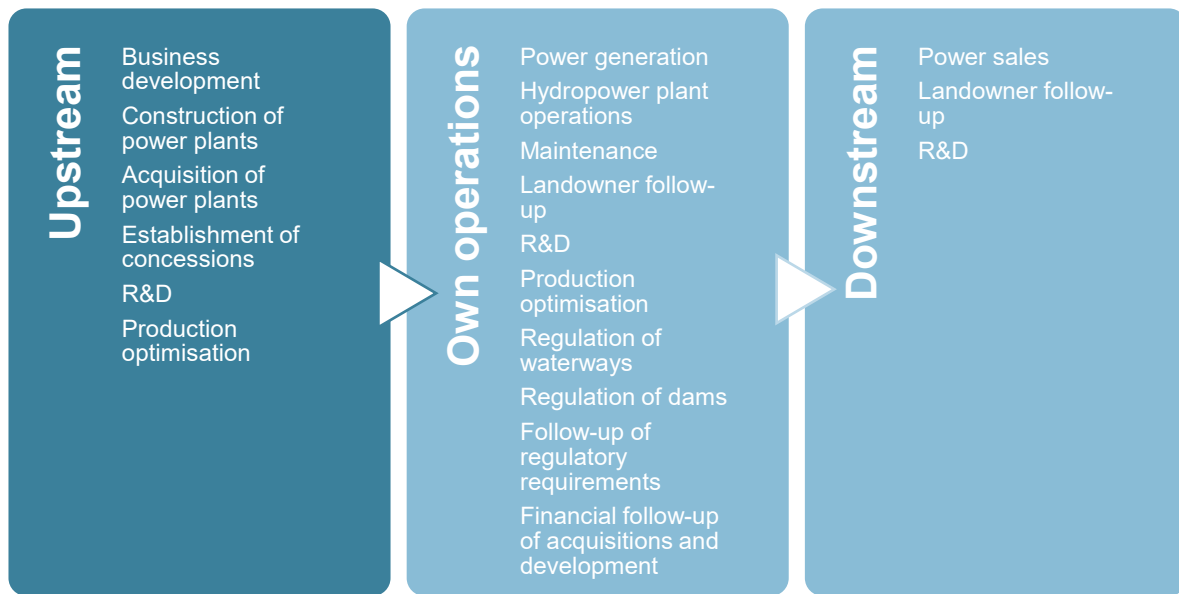
Småkraft develops small power plants with the goal of maximizing value creation and production of renewable energy. This means that in our own operations, we engage in business development, plan, follow-up, purchase, operate and maintain hydropower plants. The power is traded through the Nordpool system.

Småkraft's upstream value chain includes important input factors such as natural resources, technology and infrastructure, capital investments and human resources, as well as data and market information. To develop and secure these input factors, we engage in activities such as stakeholder engagement and regulatory compliance.

Key suppliers include system and equipment manufacturers, engineers and contractors for the construction of power plants and financial institutions. Important upstream resources include systems, materials, and services for the construction of our facilities.

Småkraft's downstream value chain is the sale of renewable energy including guarantees of origin and electricity certificates. In addition, we follow up landowners and contribute to economic development through waterfall lease payments, property tax payments, as well as upgrades and modifications to our facilities that contribute to local value creation.





Due diligence assessments and transparency act

Småkraft conducts due diligence assessments of its own operations, our suppliers and business partners. As a result, Småkraft reports on our due diligence assessments and ensures public access to relevant information on our work in this area.

Småkraft conducts an annual due diligence assessment with the following steps:

1. Continuously improve accountability in policies and management systems
2. Map and assess negative impacts/damage by our own operations, our supply chain and business relationships
3. Halt, prevent or reduce negative impacts/damage
4. Monitor implementation and results
5. Communicate with direct stakeholders and rights holders on how the impact is handled
6. Ensure recovery or collaborate on this when required

Risk assessments

Requirements for due diligence and risk management for sustainability are anchored in the company's internal guidelines, processes and procedures, such as; Ethical guidelines, procedures for biodiversity and ecosystem services, sustainability in the supply chain, environmental management, water management, HSE and social responsibility.

Our risk assessment tools assess all material risks, and we include our main suppliers by using a risk-based approach.

Småkraft makes continuous efforts to reduce risks associated with the group's value chain. This includes non-compliance with requirements set out in the Transparency Act, as well as violations of human rights and decent working conditions. The risk assessment is conducted periodically and followed up in accordance with the risk matrix derived from ISO 9001.



Our due diligence assessment

Our own employees

Småkraft has procedures for responsible management of employees, which comply with our own quality handbook and the requirements of the Working Environment Act. This includes permanent employees, students who have internships with us, as well as supervisors we hire for individual power plants.

We also have a notification system that is accessible both internally and externally through our website, ensuring that all inquiries go directly to the head of the audit committee.

Suppliers

We follow up our suppliers' HSE monitoring, as well as their assessments of

consequences for fundamental human rights and decent working conditions through periodic meetings. These meetings are logged in the project. We also obtain signed confirmations from our key suppliers based on a risk-based selection, where they confirm their compliance with Småkraft's processes by signing our requirements in accordance with the Transparency Act.

Partners

Most of our purchases are solely consultancy services and service deliveries within legal, technical and commercial disciplines. These suppliers may be sole proprietorships or working for established companies. Regardless of who they are, the same working processes and requirements apply to them as well as to permanent employees.



When collaborating with other companies, we ensure that they accept our requirements by having them sign agreements.

We obtain from our key partners, based on a risk-based selection, a signed confirmation of compliance with Småkraft's processes by signing our requirements in accordance with the Transparency Act.

Violations of the Transparency Act, human rights and decent working conditions

Deviations from requirements in the Transparency Act are reported and treated as deviations in our quality assurance system.

Requirements for suppliers

Småkraft has established guidelines for the conduct of our suppliers, particularly in terms of human rights and decent working conditions. When we enter into agreements with suppliers, part of the agreement states that they must comply with our code of conduct. This applies to our suppliers, and one of Småkraft's requirements is that they obtain similar confirmations from the subcontractors.

All suppliers with deliveries above a certain volume, or where there is a potential risk of non-compliance with the policies, must sign documents stating that they accept and will comply with these requirements. This gives us the opportunity to set ethical requirements and ensure compliance with the guidelines, partly by checking employment contracts, rotation schemes

and timetables. We also have processes in place for managing deviations and improvements, which also include outsourced operations.

The requirements we set for our suppliers are designed to prevent and combat labor market crime, social dumping and the exploitation of vulnerable labor groups in particularly in the construction, engineering, and service industries. These requirements means that our suppliers must comply with the guidelines defined by the ILO and UN conventions, and they must respect fundamental human rights, ensure decent working conditions, and avoid contributing to any form of human rights violations. To ensure the early detection of possible and actual negative consequences, Småkraft has a notification channel available to both internal and external stakeholders on the company's website. Furthermore, Småkraft has systems in place to facilitate notifications of deviations and the management of these. In accordance with our work on compliance with the Transparency Act, Småkraft has prioritised the integration of due diligence assessments in our guidelines and control systems. We assess and evaluate negative impacts associated with our enterprise, as well as our supplier chains and business relationships.

In this process, we have strengthened our routines for risk assessments and supplier follow-up, which forms the basis for our efforts to stop, prevent and reduce potential or actual negative impacts.

Risk management and internal control

Risk management at Småkraft

Småkraft's business model is anchored in the company's governing documents and is continuously updated through the company's annual review of strategic plans and the management's annual review of the quality system.

The board has the overall responsibility for ensuring that the company has adequate risk management and internal control systems in place, and it ensures that necessary measures are implemented to manage risks in accordance with the company's procedures.

Småkraft bases its ongoing risk assessments on recognised standards and industry guidelines. One example of this is the methodology from ISO 9001:2015. This

entails separate assessment of the probability of incidents and their consequences and provides an overall assessment of risk which is identified as a risk factor for each risk element.

Småkraft is in the process of incorporating sustainability risks and related internal controls into the company's existing risk management and internal control processes. This involves identifying, assessing and monitoring sustainability risks and establishing controls to ensure accurate and reliable reporting. Sustainability-related risks will be prioritised and followed up just as it has for other types of risks in the company in the long term, including strategic, financial, operational, regulatory and legal risks.



Dialogue with stakeholders

Involving Småkraft's stakeholders helps us understand their expectations, what is important to them, how Småkraft affects them and how we can solve common challenges. Småkraft consults with affected stakeholders to identify, assess and manage material environmental, social, governance and economic impacts related to our activities and business relationships.

Throughout the year, both in connection with the strategy and sustainability processes, Småkraft collects and analyses internal and external perspectives from our stakeholders, including our own employees, landowners, shareholders, local communities, suppliers, subcontractors, competitors, interest organisations, civil society and more. Dialogue with affected stakeholders contributes to action plans for managing Småkraft's impact.

We engage with stakeholders through various channels and methods, including regular meetings, various forms of dialogue, workshops, employee surveys, landowner surveys, and other verbal and written surveys on sustainability and materiality topics. Stakeholder information acquired through analytical work, research reports and similar is also included. More information about Småkraft's involvement of affected stakeholders is described below and, in the chapters, *Environmental, Social and Governance*.

Stakeholder involvement is a fundamental component of all Småkraft projects, ranging from early-phase dialogue in business development to dialogue during development projects and ongoing operations. Stakeholder dialogue is also part of our due diligence process.

Småkraft means different things for different stakeholders. Part of our sustainability assessment involves identifying how we affect our surroundings through our actions, and what measures we take to ensure that Småkraft balance the interests of different parties. In the table below, we have tried to specify our most important stakeholders, their concerns, and how we at Småkraft will follow them up.

We will continue to involve various stakeholders who are affected by our activities in addition to developing work to formalise and expand governance and guidelines for stakeholder involvement. We are particularly expanding our focus on involving more of our own employees and experts in this process, as well as external stakeholders where greater insight is needed.

Småkraft has received no indications from stakeholders that would require major changes in next year's strategy.

For further information on stakeholder involvement, please refer to *the Double Materiality Assessment Process*.

Stakeholders	Interests	How we ensure involvement	Planned measures
Landowners*	<ul style="list-style-type: none"> • Income from energy production • Secure future generations • Continuous information from the business 	<ul style="list-style-type: none"> • Waterfall lease agreements that ensure fixed earnings • Landowner portal • Distribution of weekly information 	<ul style="list-style-type: none"> • Continual waterfall lease calculations in the portal
Employees**	<ul style="list-style-type: none"> • Safe workplace • A safe and positive working environment for growth • Diversity • Competitive salaries 	<ul style="list-style-type: none"> • Quarterly general meetings • Department meetings • Performance appraisals • Annual employee survey • Follow-up by occupational health services • Equal pay for equal work, code of conduct 	<ul style="list-style-type: none"> • Expand contingency plans, including better map data • Action plans as follow up from employee surveys and conversations
Shareholders	<ul style="list-style-type: none"> • Growth potential • Long-term value creation • Returns on invested capital • Document sustainability • Code of conduct, anti-corruption policy 	<ul style="list-style-type: none"> • Monthly report, quarterly report and annual report • Efficient operations • Continued growth of renewable hydropower • Follow up license terms and conditions 	<ul style="list-style-type: none"> • Reporting according to EU Taxonomy • Take advantage of regulatory opportunities to increase production
Investors, banks and rating agencies	<ul style="list-style-type: none"> • Stable debt-servicing capacity • Document sustainability 	<ul style="list-style-type: none"> • Reporting and semi-annual presentations • Annual sustainability report • Meetings with banks and investors • Meetings with rating agencies 	<ul style="list-style-type: none"> • Continue close dialogue with lenders • Reporting according to regulations
Municipalities and neighbours*	<ul style="list-style-type: none"> • Secure local settlements • Tax revenues • Minimal interventions in nature 	<ul style="list-style-type: none"> • Use local suppliers • Property tax to municipalities • Follow-up plans and the environment 	<ul style="list-style-type: none"> • Expand contingency plans, including better map data
Regional and national authorities	<ul style="list-style-type: none"> • Deliver clean, renewable energy • Regional development • NVE, follow-up of license terms and conditions 	<ul style="list-style-type: none"> • Continued growth of renewable hydropower • Local value creation • Inspection related to license terms and conditions • Meetings and consultations 	<ul style="list-style-type: none"> • Assess emissions from power plant construction • Take advantage of regulatory opportunities to increase production
Interest organisations	<ul style="list-style-type: none"> • Småkraftforeningen wants to strengthen the industry's reputation and impact • Environmental organisations want the least possible interventions in nature 	<ul style="list-style-type: none"> • Sustainability reports • Follow-up of license terms and conditions • Collaboration with academia (R&D) 	<ul style="list-style-type: none"> • Assess emissions from power plant construction

*More details under S3 Affected communities. **More details under S1 Own workforce



Process for double materiality assessment

Småkraft conducts double materiality assessment (DMA) based on the guidelines under CSRD and ESRS. Sustainability-related impacts, risks and opportunities (IROs) within sustainability are identified and deemed important to include as part of Småkraft's core internal governance processes. Important aspects of the method and process used are presented in this section.

Småkraft analyses material sustainability-related impacts, risks and opportunities in accordance with ESRS and the requirements for double materiality. The materiality assessment is based on input from Småkraft's employees and internal specialists for climate, environment, social responsibility, health and safety, communication, bank and investor relations, compensation, diversity, inclusion, compliance, risk management and other areas. We also receive input from external stakeholders. Based on this, the materiality assessment is being updated annually.

Method and assumptions

Stakeholder engagement

Internal stakeholders from all business areas and various functions in Småkraft participate in the DMA process both with one-on-one conversations and in joint workshops. Several internal experts participate in this process.

We also map our stakeholders, as described above. Småkraft's first structured survey was conducted in 2018. We have further developed these surveys over time, and we now conduct employee surveys, landowner surveys and reputation surveys. It is particularly important for us to maintain a good dialogue with landowners who release part of their property for the development and operation of small-scale power plants, our employees who contribute their expertise to the development and operation of these, as well as shareholders and financial institutions that ensure access to long-term capital. Material stakeholders

include those who secure agreements and follow up construction projects and our operating personnel who ensure the safe and cost-effective operations of our facilities. Other material stakeholders include local communities, as well as authorities who facilitate the sustainable utilisation of waterways through licensing and supervision.

Our business is also dependent on various interest organisations. Småkraftforeningen ensures the coordination of the small-scale power industry with respect to inquiries to and from public authorities and political communities. Various environmental organisations also have an interest in our work, and an open dialogue that leads to the sustainable utilisation of water resources is important in order to find acceptable compromises between the interest in more renewable power and limiting the harm to animal and plant life around our power plants.

The materiality analysis below is a structured representation of what our stakeholders believe are the most important sustainability issues at Småkraft.

Scoring

Impact materiality is assessed based on actual and potential impacts, as well as positive and negative sustainability impacts from Småkraft's own activities and/or in the upstream and downstream value chain.

Impacts are scored according to three parameters – scale, scope and irremediable character – combined with the probability of potential consequences. These parameters are evaluated on a scale of 1 to 5, from very low to very high. This is the same as the consequence scales previously established in Småkraft's risk management process.

For environmental impacts, the previously established scales for environmental consequences in the company's guidelines for managing HSE incidents are also used. For human rights impacts, the guidelines for assessing the severity of human rights impacts defined in the ICMM Human Rights Due Diligence Guidance is used, which should be given extra weight.

Risks and opportunities are assessed based on two parameters, probability and size. Financial materiality is assessed based on the risk of negative financial, reputational or commercial consequences for Småkraft related to sustainability, as well as potential sustainability-related opportunities. The significance of risks and opportunities is assessed based on the probability and extent of expected impacts on Småkraft's financial results.

The threshold for material impact, risk and opportunity have been set at a score from medium to high in the assessment framework. The materiality of each topic are discussed qualitatively after scoring. For some topics, additional considerations have been taken into account to define a matter as material, even if the impact, risk or opportunity associated with the topic has been assessed as below the materiality threshold and thus not material.

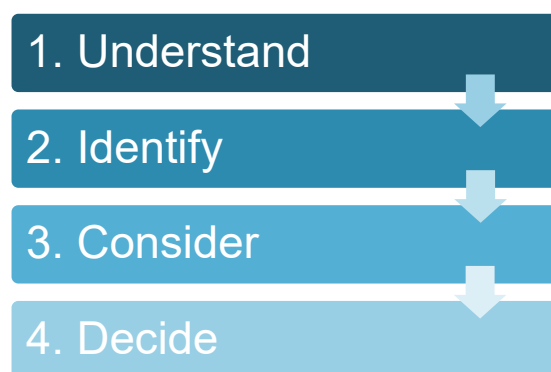
Value chain

The scope of the materiality assessment includes the entire value chain. Both upstream and downstream activities are assessed, with the greatest emphasis on our own operations and some activities related

to the development, construction and operation of renewable energy.

Process steps

The materiality assessment process is continuously improved and involves both internal and external stakeholders, to provide an outside-in perspective and support the alignment with ESRS requirements. The process update is carried out in four phases, which are integrated with the company's annual cycle for other activities.



Phase 1: Understanding of the context and value chain

In the first phase, the business model is reviewed and a mapping of Småkraft's value chain, Upstream activity, Own activity and Downstream activity, is conducted. A description of tasks is reviewed, as well as locations and resources. Relevant internal and external stakeholders are defined based on value chain mapping.

Phase 2: Identify and assess impacts, risks and opportunities

The starting point for identifying impacts, risks and opportunities is a calibration of the ESRS 1 topic. Impacts, risks and opportunities are identified and defined through meetings with internal experts and external stakeholders, as well as the use of internal and external data. Identified impacts, risks (IROs) and opportunities are scored and validated through an interactive process.

Phase 3: Consider

The final list of IROs is calibrated and assessed against the existing risk matrix to ensure a balanced perspective and consistent use of the framework. Workshops and dialogue are conducted with several business areas to validate thresholds and results. More detailed discussions are held in cases where IROs were nearly material or where scoring are uncertain. The long list of material IROs are consolidated into an aggregated overview, along with a corresponding overview of material ESRS topics and sub-topics where relevant. The results are annually reviewed by the board's audit committee and approved by the board together with the annual financial reporting.

Phase 4: Decide

The list of material impacts, risks and opportunities are mapped against ESRS disclosure requirements and data points to define the scope of reporting. This is a comprehensive effort that require continuous monitoring and improvement.

Harmonisation, monitoring on multiple disclosure requirements and data points, as well as on linking and updating the materiality analysis and our internal process, are subject to continuous improvement as the company and the market around us evolve. The results of the materiality analysis are also used systematically in the annual strategy process to ensure improved integration of sustainability impacts, risks and opportunities into the overall management processes.

The impact and risk scores in the materiality analysis are based on available internal and external insights. There are, nevertheless, limitations and uncertainties in the assessment. The materiality assessment will be reviewed annually as a part of the company's strategy work.



Material impacts, risks and opportunities (IROs)

The table below shows the impacts, risks and opportunities we have defined as material, as well as where in the value chain these are relevant and which stakeholders

are involved. Impacts are actual or potential. More information about material impacts, risks and opportunities is available in each topic chapter.

Material environmental issues

ESRS	Material impacts, risks and opportunities	Value chain	Stakeholders
E1 - Climate changes			
Climate change mitigation	Scope 1 and 2 greenhouse gas emissions (negative impact) Greenhouse gas emissions from Småkraft's and affiliated companies' energy consumption	Own operations	Global impact
	Scope 3 greenhouse gas emissions (negative impact) Greenhouse gas emissions from construction and upgrading of power plants, as well as employee travel and commuting	Upstream and own operations	Global impact
Adaptation to climate change	Production of renewable energy (positive impact) Small-scale power generation produces energy with very low greenhouse gas emissions, displacing more emission-intensive energy sources from the market.	Own operations	Global impact
	Increased water flow (opportunity) Increased water flow and the need for more renewable energy can provide opportunities to optimise existing and construction of new hydropower plants	Own operations	Landowners, shareholders, investors, banks, consumers
	Increased extreme weather (risk) Floods and landslides can cause damage to power plants and/or grid facilities, leading to reduced production	Own operations	Local communities, shareholders, landowners
	Green loan financing (opportunity) Our business model of producing renewable energy gives us access to green financing that reduces our financial costs	Own operations	Shareholders, investors, banks, landowners
Energy	Production of renewable energy (positive impact) Small-scale power generation produces energy with very low greenhouse gas emissions, displacing more emission-intensive energy sources from the market.	Own operations	Global impact

Material environmental issues

ESRS	Material impacts, risks and opportunities	Value chain	Stakeholders
E2 – Pollution			
Water pollution	Pipe breakages can cause damage to nature and infrastructure in the watercourse and, in some rare cases, lead to pollution from landfill along the watercourse in connection a flood situation caused by the pipe breakages (negative impact, risk)	The entire value chain	Local community, landowner, owner
Air pollution	Release of stored CO2 (negative impact) When bogs are drained and trees are removed during the construction of power plants, CO2 that has been stored is released. Transport to and from power plants in connection with construction and operation. The risk of carbon pricing can incur costs.	Upstream, own operation	Global impact, local communities
Air pollution	CO2 emissions during the production of raw materials for the construction of power plants (negative impacts, risks) These emissions are included in the life cycle calculations of emissions from the power plants when they were built. This includes emissions necessary for the production of construction elements that are part of the components and systems that make up a completed power plant.	Upstream, own operation	Global impact, local communities

E4 – Biodiversity and ecosystems			
Direct influence factors for loss of biodiversity	Changes in water flow in rivers (negative impact) Run-of-river power plants must borrow water from the river to produce power. This means that life in the river along the affected stretch of the river and downstream of the power plant is affected.	The entire value chain	Local communities, landowners
	Violation of concession conditions regarding minimum water flow (risk) In the event of a violation of the minimum water flow requirements set by the supervisory authority NVE, Småkraft may risk loss of reputation and fines.	Own operations	Small-scale power, shareholders, landowners
	Clearing of forest (negative impact) During the construction of a power plant, we sometimes must clear forest, including for the purpose of burying pipelines. This can affect biodiversity, especially until re-vegetation restores the natural habitat locally.	Upstream, own operation	Local community

Significant social conditions

ESRS	Material impacts, risks and opportunities	Value chain	Stakeholders
S1 – Own workforce			
Equal treatment and equal opportunities for all	<p>Gender equality and equal pay for equal work (opportunity)</p> <p>Increased diversity and well-being can help improve our financial performance</p> <p>Development of own employees (opportunity)</p> <p>Internal development opportunities help retain, develop and attract new employees and can help improve our financial performance</p>	Own operations	Own employees, landowners
Health, safety and environment	<p>Safety for own employees and contractors (negative impact)</p> <p>Working at power plants involves the risk of accidents and injury to personnel</p>	Upstream, own operations	Own employees, Småkraft

S3 – Affected communities			
The economic, social and cultural rights of the local community	<p>Payment of property tax and estate tax (positive impact)</p> <p>Small-scale power generation contributes positively through the payment of land tax to landowners and thus local communities.</p>	Upstream, Own operations	Landowners, local communities
Indigenous and tribal peoples' rights	<p>Regulation of reservoirs leads to unsafe ice for the movement of grazing animals (negative impact)</p> <p>Regulation of water reservoirs can make travel difficult for indigenous people who use the areas for moving grazing animals. This can affect and restrict the right to traditional land use and cultural practices.</p>	Own operations	Landowners, communities, shareholders

Significant governance matters

ESRS	Material impacts, risks and opportunities	Value chain	Stakeholders
G1 – Business conduct			
Management of supplier relationship	Through an ethical business model, we gain access to capital (opportunity)	Own operations	Shareholders, banks, Småkraft's own employees
Corruption and bribery	Reputational risk, loss of trust, will not have access to financing/capital (risk)	Upstream, own operation	Shareholders, Banks, Småkraft's own employees
Business culture	An ethical business culture increases the opportunity to attract the right expertise (opportunity)	Own operations	Småkraft
Ownership	<p>Ownership with "unknown origin" can make it more challenging to enter into new waterfall lease agreements and result in more demanding KYC processes with suppliers (risk)</p> <p>Long-term and financially strong owners provide growth opportunities (opportunity)</p>	<p>Upstream, own operation</p> <p>The entire value chain</p>	Shareholders, board landowners, Småkraft, banks



Småkraft's sustainability report contains separate chapters on all of Småkraft's material sustainability issues. The chapters also include due diligence assessments, as well as stakeholder dialogue on identified impacts, risks and opportunities related to these.

Summary of ESRS areas

The materiality assessment shows that in 2024, Småkraft has had material matters within three of five environmental ESRS topics (E1, E2 and E4), within two of four social ESRS topics (S1 and S3), and within and business conduct (G1).

Areas that have both significant impact and financial materiality are all three environmental ESRS topics (E1, E2 and E4), as well as both social ESRS topics S1 and S3. G1 has only financial materiality.

E3 – Water and marine resources has neither material impact nor financial materiality. The core activity related to hydropower is not defined as the withdrawal, consumption or discharge of water. Small scale powerplants in Småkraft do not

consume water from the river; rather, we borrow it. By "borrow," we mean that water is temporarily diverted from the river and passed through a penstock and turbine to generate electricity.

The same water is then returned to the river—unaltered and without the addition or removal of any pollutants, debris, or chemicals. In essence, we extract only the energy that would otherwise have been dissipated in the natural river flow.

The impacts of hydropower on the use and condition of fresh water are material and covered by E4 – Biodiversity and ecosystems.

E5 – Resource use and circular economy is also considered non-material. However, we have covered CO2 emissions from steel and copper under E2, Pollution.

S2 – Workers in the value chain and S4 – Consumers and end-users have also been assessed as non-material. We have covered due diligence assessments conducted in connection with the supply chain under Due diligence assessments.



Environmental

Green energy production

E1 Climate changes

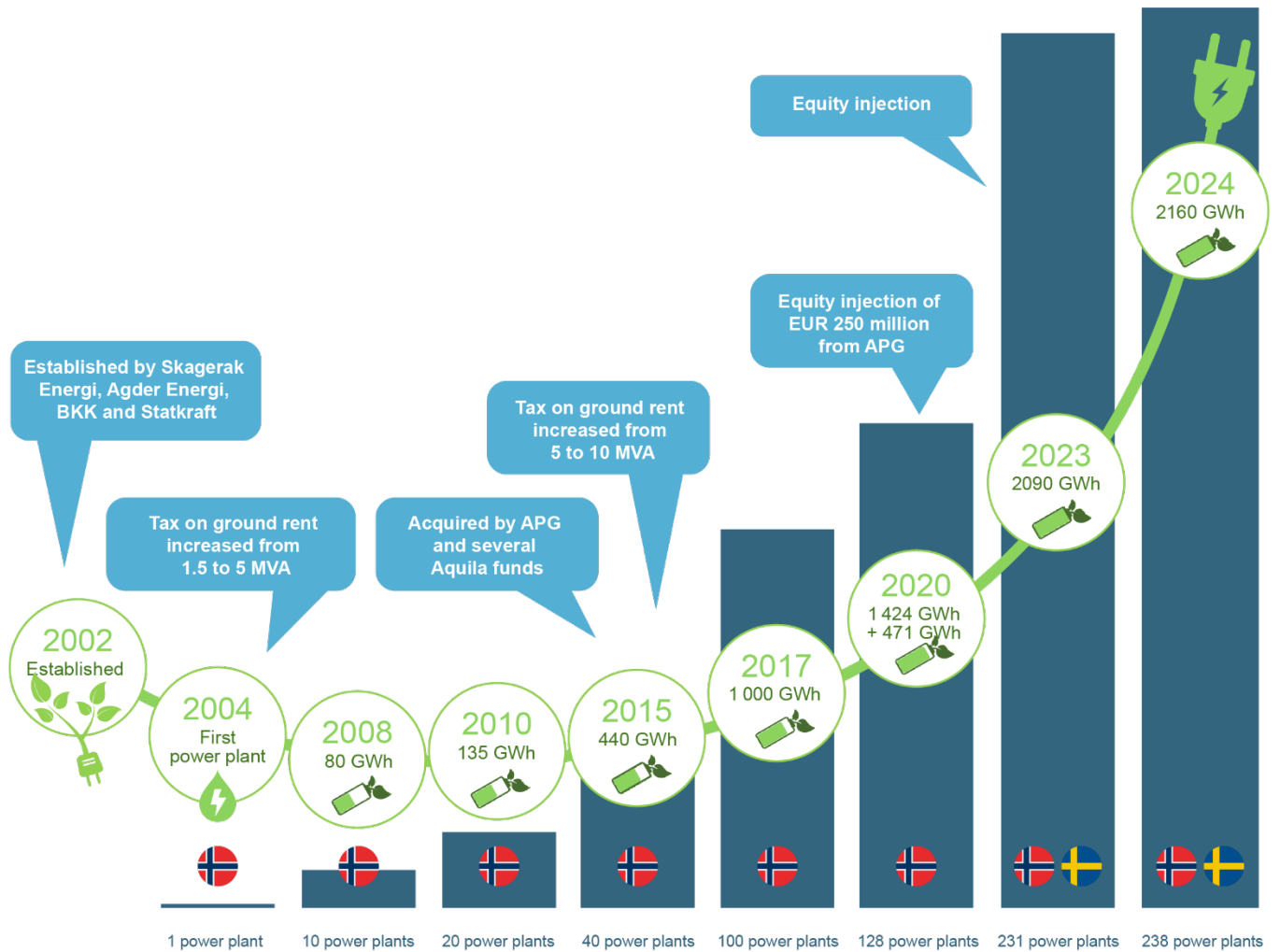
E2 Pollution

E4 Biodiversity and ecosystems

EU Taxonomy

Green energy production contributes to the green shift

Access to long-term capital and adapted regulations for Småkraft has made it possible to develop its portfolio up to the current level of 238 power plants.



The power worker from Alsåker

Per Mælen's farm, located in Alsåker in the municipality of Ullensvang, is surrounded by mountains with views of the fjord and apple trees in the garden. The farm has been in the family for 15 generations, where fruit cultivation has been the main priority. After seeing an advertisement in a magazine in the early 2000s, Per contacted Småkraft and initiated the process of licensing and development.



– We're proud of these projects, says Per.

Both power plants utilise the waterfall from the Alsåkerelvi river, which flows through forested areas. The river splits before flowing into Hardangerfjord. The entrance to Øvre Alsåker can be found near the

edge of the forest, while Ytre Alsåker is located further down in the terrain. From the other side of the fjord, you can see a waterfall flowing diagonally over a cliff. Per describes this waterfall as a beautiful sight, whether there is a lot of water or a little. Ytre Alsåker was placed downstream to accommodate this waterfall, which was noticed and appreciated by the local community.

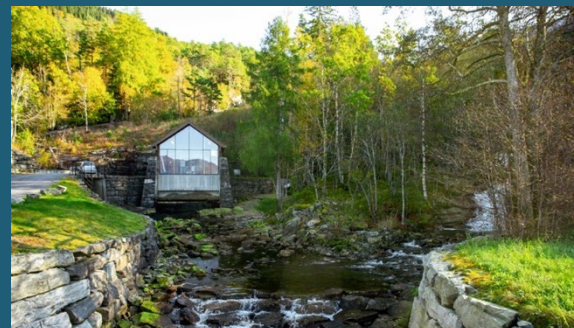
– I often see people stopping below the hydropower plant on the bridge to take pictures of the plant. It's fun to watch, says Per. He describes his duties as a supervisor and what he observes on his way to the power plant.

Per says that being a supervisor gives him a lot. The four landowners share supervisory responsibilities during the year, which he says works well. He believes that gaining insight and knowledge about production is both interesting and important. He has a strong interest in renewable energy and sustainable development, which is evident in his central role in the work with the hydropower plants.

There is an extensive history behind the decision to establish a hydropower plant in Alsåker. In the early 1990s, Per saw an advertisement in the newspaper Bergens Tidene about someone in Sogn county who was planning to build a hydropower plant. – That's when I got the idea, says Per. It turned out to be a long process that came to a standstill for a while. Several years later, he sat reading a different newspaper. There he found an advertisement from Småkraft. He mentions his keen interest in development. The landowners got together and agreed that they needed a serious partner, which led Per to contact Småkraft.

– It was a stroke of luck. Based on our experiences from the land, planning, application process and construction, I have to say I am very satisfied. We landowners were greeted in a way that created trust. We were reassured that there was an interest, which also meant a lot. It wasn't simply about making as much money as possible, which I felt was the right approach. I don't think Småkraft's success would have been what it is today had they not taken landowners seriously, says Per.

Per feels that the development process itself went very well. He explains that Ytre Alsåker, the first hydropower plant, was a kind of pioneer project. – There were many talented people involved, which was also the case during the development of Øvre Alsåker. It has all gone very well, he says. When decisions were made that he didn't agree with, there was also a good dialogue on the matter. During the development of the second hydropower plant, Øvre Alsåker, Per explains that helicopters were more often used as it became more challenging to use the pipeline route during the winter for transportation. Later, with assistance from Per, a forest road was developed leading to the power plant. This road is now used as a hiking trail for the local population while also providing easier access to the power plant for the supervisors.



Per will continue in his role as supervisor in addition to working as a fruit farmer and running a guesthouse. It's a busy life, but as Per himself says: – Yes, it's busy, but you know, when you enjoy what you do, it's all good.

The driving force behind his interest in the development of the hydropower plants was to strengthen his farm. – We've viewed the power plants as a stabilizer that can provide us with more financial security, he says. The community has been positive to the power plants and they were well received by most people here. Per is now working on project number three, with a development in the Ystevåni river, and is looking forward to the future. – With help from Småkraft, everything has worked out well, he concludes.

E1 – Climate changes

Climate change is one of the major challenges of our time. Småkraft contributes to the green energy transition and the goal of a net zero future by producing renewable energy. Small-scale power plants already have a low greenhouse gas intensity. Our ambition is to reach net zero for our scope 1, 2 and 3 emissions by 2040, and we will continue to define short and medium-term goals and actions to support this ambition.

Impacts	Risks and opportunities
Climate change mitigation	
<ul style="list-style-type: none"> N Scope 1 and 2 greenhouse gas emissions N Scope 3 greenhouse gas emissions 	
Adaptation to climate change	
<ul style="list-style-type: none"> P Production of renewable energy 	<ul style="list-style-type: none"> O Increased water flow R Increased extreme weather O Green debt financing
Energy	
<ul style="list-style-type: none"> P Production of renewable energy 	

P Positive impact
 N Negative impact
 O Opportunity
 R Risk

“As a long-term investor, it is important for us to understand how climate change affects our investments. We encourage Småkraft to continue with their contributions to the green shift in Europe, and are glad that the company proactively reports on sustainable development goals.”

Majority shareholders APG-funds

In the last few years there have been major weather variations. 2024 was characterised by significant regional differences, with the extreme weather event, Storm Ingunn, setting a new wind speed record in Nordland county early in the year, and Storm Jakob

leading to severe flooding in Western Norway in the autumn. These significant variations in temperature clearly indicate how climate changes can affect production in our hydropower plants.

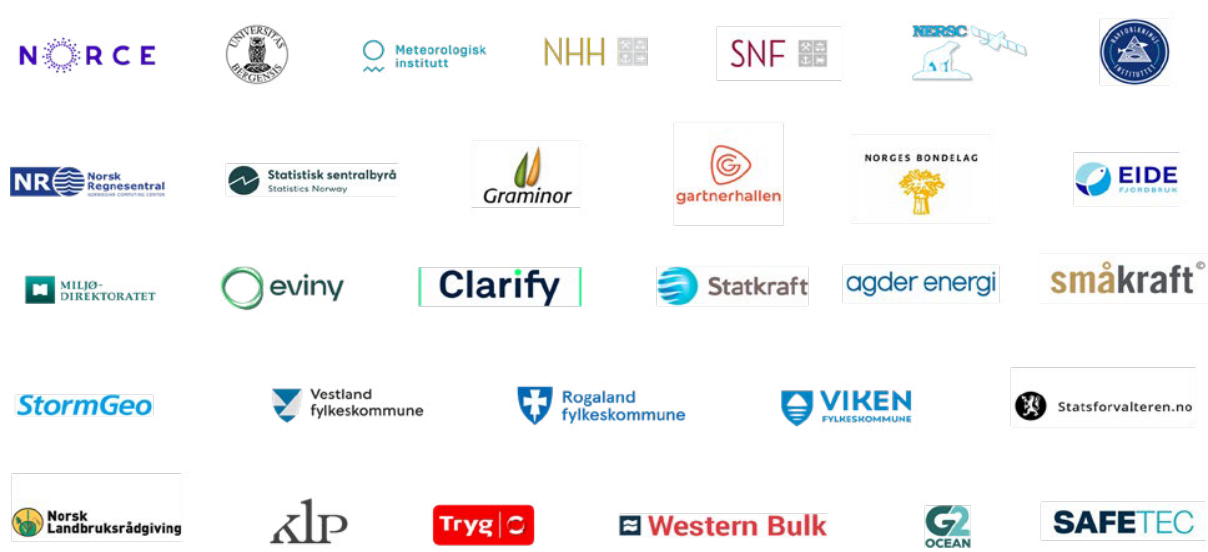
For those of us who operate run-of-river power plants with a limited ability to store water, knowledge of runoff is essential for our operations.

In the short term, within a day, we depend on reliable production forecasts to avoid major costs for maintaining balance in the power grid. In the short term, up to three weeks ahead, knowledge of weather forecasts provide the basis for production planning for hydropower plants with regulation systems, and for planning maintenance to reduce the loss of production volume. In the long term, up to 100 years in the future, knowledge of permanent climate changes will be essential for determining where to build new power plants and how to dimension these new plants to make the best possible use of the water.

Since 2019, Småkraft has worked together with research institutions to increase our expertise on our most important input factor, runoff. In 2022, we participated in a major research project called Climate Futures. Here, researchers from seven different research institutions, all of whom are leaders in climate research, have gathered to find

better forecast models for everything from local weather forecasting to long-term climate effects. This collaboration includes companies from various industries that are all either directly or indirectly affected by the weather in the short term and by more long-term climate effects. These include everything from insurance companies and agricultural cooperatives, to hydropower producers and shipping companies. The research will contribute to concrete results that can be used to reduce the climate risk for companies and society as a whole.

The first part of this work focuses on identifying links between runoff and power production. Here, Småkraft's technical knowledge about the power plant is combined with researchers' knowledge of meteorological and hydrological conditions. Småkraft has a unique position through access to actual measurements of runoff from our hydropower plants. We continuously collect accurate data from our 238 power plants in Norway and Sweden. Together with ordinary weather forecasts, these data can be used to calibrate forecast models for discharge to ensure they are more accurate in local areas.



Småkraft's positive contribution to the climate transition

Småkraft contributes to the green energy transition and the goal of a net zero future by producing renewable energy.

With 4 g CO₂e/kWh, hydropower is the technology with the lowest emission equivalents over the lifetime of the power plants. Studies show that large shares of CO₂ emissions from hydropower plants are from composting of biomass during storage, and run-of-river power plants do not contribute to this. At the same time, run-of-river plants have less energy efficiency than power stations with large reservoir power stations, so the emissions from the run-of-river plants are an estimated 5g CO₂e/ kWh.

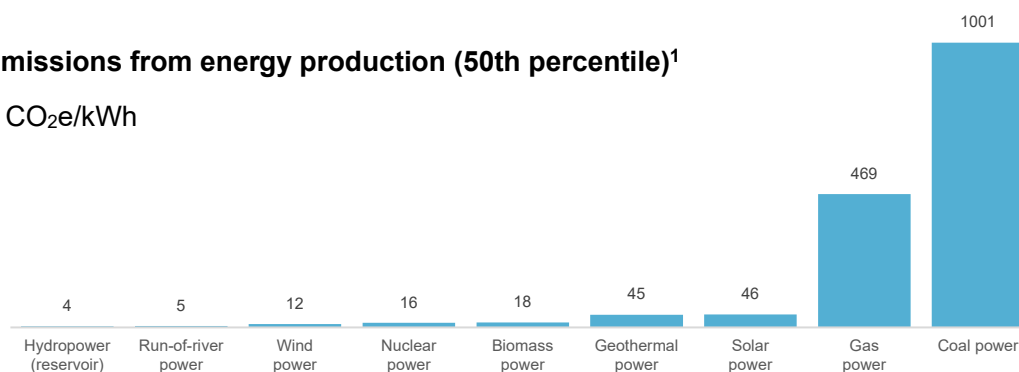
Småkraft has conducted a detailed study of all our power plants, where a quantity calculation of the main elements in the power plants was performed. The conclusion from the study is that the average life cycle emissions from the power plant's lifespan amount to 2.3g CO₂e/ kWh, which is well below the requirement in the EU taxonomy to meet the substantial contribution to climate emissions (100gCO₂e/kWh).

For comparison, Småkraft's direct emissions from daily operations in 2024 were 0.05g CO₂e/ kWh.

Hydropower plants have a very long lifetime compared to most other forms of energy production.

Emissions from energy production (50th percentile)¹

g CO₂e/kWh



Together with our partners, Småkraft develops new small-scale hydropower projects that makes new renewable energy available in the Norwegian, Nordic and European power grids:

	2024	2023	2022	2021	Source/Explanation
Produced energy (GWh)	1811	1504	1470	1113	Energy fed into the grid.
Mean annual production (GWh)	2160	2090	2002	1697	Normal hydrological production at year-end
Number of power plants at year-end	238	231	219	161	
Total installed output at year-end (MW)	667	649	612	524	

Raadal, H.L., 2011. Recommendations for GHG Accounting for Green Power Purchases. Memo sent by email to the GHG Protocol Initiative's work on GHG Power Accounting Guidelines, by Mary Sotos and Stephen Russell. 4 April 2011.

Småkraft has access to green financing

As a producer of renewable energy, Småkraft has access to green financing, capital earmarked for projects, investments and initiatives that advance environmental and climate-related goals. Småkraft has established a framework for green bonds.

This provides both opportunities for better access to capital and attractive terms, in line with other parameters. At the end of 2024, Småkraft had two green bonds and one green bank loan. In 2024, Småkraft completed a tap issue, which increased the Green Bond 3 loan amount from EUR 50 million to EUR 74.5 million.

Statement of invested amount financed by Green bond loans 1, 2 and 3

Green Bond 1 - Description	2024	2023	2022	2021
Loan amount	-	-	EUR 50 million	EUR 50 million
Approved instruments ¹	-	-	EUR 50 million	EUR 50 million
Non-approved instruments ²	-	-	0	0

Green Bond 2 - Description	2024	2023	2022	2021
Loan amount	EUR 50 million	EUR 50 million	EUR 50 million	EUR 50 million
Approved instruments ¹	EUR 50 million	EUR 50 million	EUR 50 million	EUR 50 million
Non-approved instruments ²	0	0	0	0

Green Bond 3 ³ - Description	2024	2023	2022	2021
Loan amount	EUR 74.5 million	EUR 50 million	-	-
Approved instruments ¹	EUR 74.5 million	EUR 50 million	-	-
Non-approved instruments ²	0	0	-	-

(1) Approved instruments in accordance with the company's framework for green bonds, (2) Non-approved instruments in accordance with the company's framework for green bonds, (3) Green Bond 1 was repaid in 2023, and Green Bond 3 was issued in 2023. In 2024, a tap issue was made on Green Bond 3, which increased the loan amount to EUR 74.5 million.

Invested amount financed by green bank loan

EUR 160 million facility – Description	2024
Loan amount ⁴	EUR 158 million

4) The loan was refinanced in June 2024.

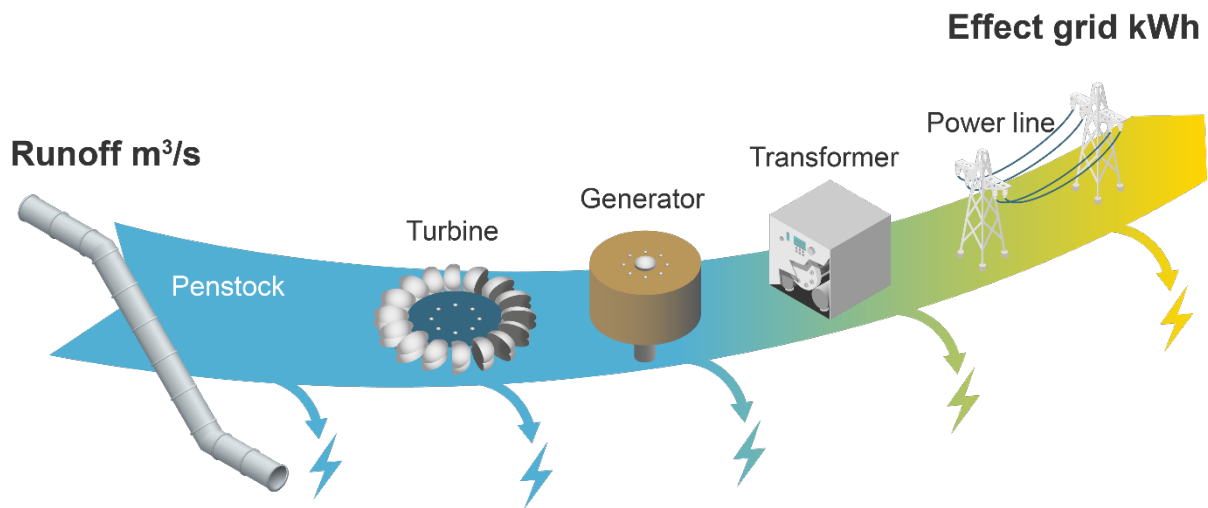
Småkraft's unavoidable emissions and future goals

Småkraft produces sustainable energy, but some parts of our operations will still produce greenhouse gas emissions. Our power plants are distributed throughout Norway and Sweden. Many of them are in isolated areas that are difficult to access and represent a challenge for logistics and transport. We must therefore travel by plane or car. These methods of transport immediately produce indirect greenhouse gas emissions. According to the framework of the GHG protocol, emissions from own

vehicles are included in Scope 1 for diesel and petrol cars and in Scope 2 for electric cars. Emissions from consumed electricity and district heating at the main office are included in Scope 2. Emissions from air travel, hotel accommodations and employee commutes are included in Scope 3. Background figures for Scope 1, 2 and 3 are presented under E2 Pollution, along with a description of our work with greenhouse gas emissions, as well as our goals and measures in this area.

Greenhouse gas emissions (tCO ₂ e)	Goal 2050	Goal 2030	Goal 2025	2024	2023	2022	2021	Source/Explanation
Scope 1 – Direct emissions	–	–	17.1	19.3	20.4	25.3	26.5	Based on conversion factors and no. kilometres.
Scope 2 – Indirect emissions	0.2	0.3	0.0	1.6	14.1	5.9	0.0	Based on conversion factors and no. kilometres.
Scope 3 – Other indirect emissions	11.2	12.9	15.5	74.9	73.5	28.4	9.6	Air travel, driving in non-owned vehicles, employee commuting
Total emission from our normal operations	11.4	13.2	32.6	95.8	108.0	59.6	36.1	
Total extraordinary emissions	–	–	–	–	67.4	–	–	
Total emissions	11.4	13.2	32.6	95.8	175.3	59.6	36.1	
Total compensated emissions	99	103	137	160	170	40	36.2	Compensated through the companies CHOOSE (2021) and South Pole (2022, 2023 and 2024)
Net emissions from our business	–	–	–	-64.2	5.3	19.6	0	Before calculating emissions savings from our own renewable energy.
Scope 3 – Annually distributed share of lifetime emissions at power plants (including construction) ¹	76	76	72	60	58	54	47	
Total emission from our normal operations including construction (before compensation)	88	90	104	155.8	166	114	83	
Total emissions from our normal operations including construction (after compensation)	–	–	–	-4.2	-4	74	47	In the years ahead, we plan to offset all of our unavoidable emissions, including lifetime emissions from the construction phase.

1) We calculate this as Lifetime emissions for the power plants, including construction * normalized kWh / 100 years of life. Lifetime emissions are primarily related to historical emissions associated with the construction of the power plants. We can only work with future emissions, not historical emissions. Lifetime emissions will therefore increase somewhat based on the increasing number of power plants, because emissions in connection with construction have already occurred.

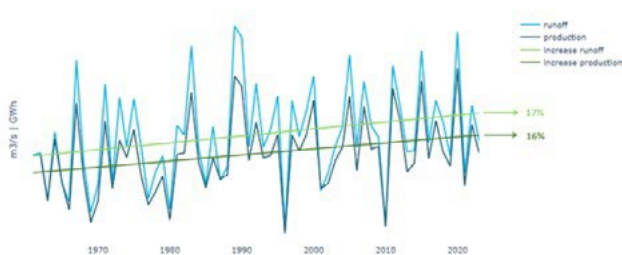


How Småkraft works with climate risks

One of the research studies in the Climate Futures project has resulted in an overview of how runoff in the catchment areas of 183 of our Norwegian hydropower plants has developed since 1960. Based on technical data from our power plants, the runoff is converted to production per year and aggregated.

The figure below shows runoff and production per year during the period 1960-2023, along with a linear regression line illustrating the trend in the two sets of data. Results of the regression analysis shows that runoff has increased by an average rate of 17 % per year, while production has

Runoff and production 1961-2023



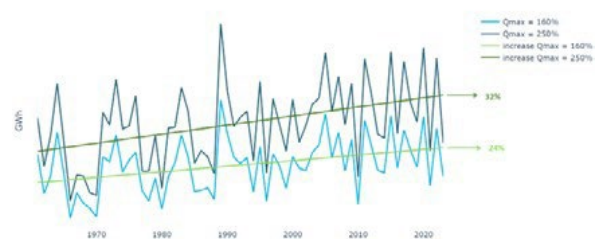
increased by 16 % during the same period.

The regression analysis demonstrates that we are able to utilise large parts of the increased water flow, as we can convert most of the increased water volume to production. However, this study also indicates significant local and regional

variations. In order to utilise increased flow in the future, it is essential for the dimension of a power plant to be based on local conditions.

The figure below is based on a power plant in Northern Norway, where runoff has increased by 41% over the last 60 years. This power plant has received far more water than most other plants. However, it is unable to cope with the excess water, as the water volume has exceeded the power plant's maximum capacity. This power plant has a maximum turbine efficiency of 160% of the mean water flow in the river, which is 60% higher than the mean flow.

Production 1961-2023 | qmax = 160% & 250% of mean annual flow



The graphs show how production would increase during this period with the current turbine efficiency, compared to an increased turbine efficiency of 250% of the mean water flow. With a turbine efficiency of 250% of the mean water flow, production would increase by 32%.

Goals and measures

We see a generally rising trend in water flow due to increased precipitation and rising temperatures. At the same time, we are seeing significant variations from year to year and within months, which results in greater uncertainty for production. To make use of this development, we can implement certain measures, such as increasing the power plants' turbine efficiency or establishing small reservoirs.

These measures would enable more of the water in the rivers to pass through turbines and generate electricity. To take advantage of this, Småkraft has submitted several applications to the authorities for changing turbine capacity and efficiency. For new facilities, we normally add a margin for assumed future increases in water flow due to expected climate changes. In the past, it has been common to expand with 150 % of average flow, while we are now applying for 250 %.

Reservoirs would also help increase the value of the water by achieving higher prices and ensuring more flexible production planning. Today, Småkraft has 50 hydropower plants with varying storage capacity for water in the catchment area from hours to months. Electricity prices often vary during a 24-hour period. By regulating the water for a few hours, production can be moved from periods with excess power in the grid where prices are low to periods with higher prices when the demand is higher. Regulating reservoirs would also have a flood-inhibiting effect, which would be positive with an increasing and more volatile water flow.

We have carried out an analysis of the consequences of a flood situation for all our dams and intakes. Based on this analysis, we implement measures that can help us avoid the consequences of an extreme situation. This applies to requirements for strength calculation of the dam/intake itself,

and for securing the river course below. The measures we implement depend on the consequences for each individual watercourse. If a flood situation can cause harm to people and damage to critical infrastructure, the measures will be more extensive than if a flood situation only causes minor damage in a natural river course.

Every 15 years, we also conduct a reassessment of our dams and intakes where we perform new flood calculations and new impact assessments based on any changes in the climate affecting the flow of water in the watercourse.

In the past year, Småkraft acquired a power plant in Sweden that has a lower drop height and greater water flow than what we normally have in Norway. These power plants also require active measures to prevent the consequences of large floods and extreme water flows through the active opening of hatches before the water rises. This is currently ensured through good procedures that use weather forecasts and flood warnings from external information sources as a basis for decisions on necessary measures.

Below, Småkraft has performed an assessment of various risk factors, in which identified climate change affects our operations. The risk definitions follow the TCFD framework.

Physical risks

Physical risks resulting from climate change

Acute risks

Småkraft's installations convert large hydrological forces into electric energy. Extreme floods impose higher than normal pressure on our power plants. Such extreme situations can cause damage, particularly to the intakes and penstocks, but also nature around the watercourse. Flood damage may require temporary shut-down of the plant for repairs and maintenance. This causes loss of production and incurs financial expenses to restore the installation to working order. It also represents an extra high load on our personnel during these periods. The financial risk for our business will be limited as such situations are covered by private and public insurance for extreme weather damage, which covers damage to property, but also partly covers the consequences of loss of production. There is, however, the risk that a repetitive and increasing scope of damage than currently experienced may result in less comprehensive and more expensive insurance.

Some of our power plants moderate the impact of floods in the natural river course. A production shut-down at such power plants could cause substantial damage to biodiversity along the river. Continuous operations provided for by robust technical installations and continuous production monitoring are important in ensuring profitability, but also in protecting the surrounding environment from the consequences of more extreme weather.

In recent years, Småkraft has installed technology to allow for remote control of most of our plants. This also contributes to improved exploitation of measurement data from the power plants. Improved sensor information, also including measurement of vibrations in mechanical equipment and

video surveillance of intakes, allows for improved stability and fewer production shut-downs.

We are working on making further improvements to our control and management by improving our operating support systems, making it easier to identify faults before they result in loss of production and damage to installations. Continuous data storage enables us to better exploit our experience gained from our 238 power plants in operation, via machine learning and Big Data.

A vital part of our emergency preparedness at our plants are the more than 195 local supervisors who live nearby. They can respond at short notice and perform necessary maintenance tasks as well as ensure operation and prevent damage to nature and facilities.

Chronic risks

Småkraft depends largely on precipitation, and changes in precipitation patterns may have an impact on both production and pricing on the energy market. Climate change is unpredictable, and different scenarios will affect our production. Colder winters and drier summers can have a negative impact on Småkraft's production, while milder winters and wetter summers can have a positive impact on production. Climate changes may also lead to more extreme precipitation and/or snowmelt. This can lead to a greater loss of water over Småkraft's dams. Climate change, as we experience it today, is heading in the direction of milder winters and wetter summers, resulting in increased production from our power plants.

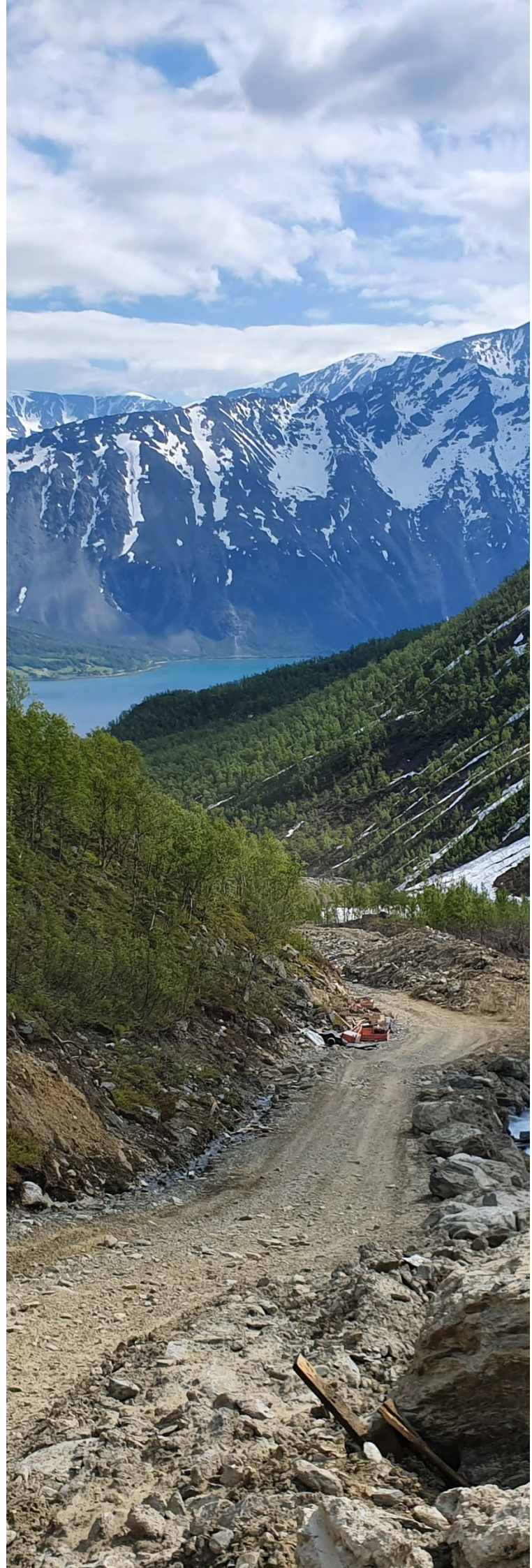
Transition risks

Risk related to transitioning to a lower-emissions society

Policy and legal risks

In the current Norwegian and Nordic power market, European CO2 quotas and prices for marginal production, such as gas have a significant impact on power prices. Prices for CO2 quotas are currently driven by policy and legal regulation. Changes in the quota obligation affect the prices of CO2 quotas, and changes in the prices for CO2 quotas affect energy prices.

The physical regulations relating to our plants are associated with the physical risks. Major changes in acute and chronic risks over time may imply new regulations governing our plants that will require adaptation and changes to some of the installations. This could have a financial impact and require investments over time.



Technological transition risk

Hydropower is a modern industry in which the fundamental technology has limited potential for improvement. Climate change affords the opportunity for increased production by adapting production capacity. Moreover, new technology within automation and digitalisation can improve the efficiency of our operations.

Renewable, clean energy is one of the most important areas of focus if we are to achieve the aims of the Paris Agreement.

Considerable resources are being used to develop new technological solutions for addressing the world's energy needs.

New and more cost-efficient technologies will most likely outstrip hydropower as a source of energy, in terms of competition.

Transition risk, market

We sell renewable electricity, and our sales mainly generate two revenue streams.

1. Revenues from the sale of energy.
2. Revenues from the sale of green certificates.

As people become more aware of climate change, it is not unlikely that the value of renewable input factors will consequently increase. We therefore believe that it is less likely that climate change will have a negative impact on the market. At the same time, it is important to note that our markets are impacted by other factors than just climate change, and that these other factors can also have a greater impact on our markets than climate change. Consequently, transition risks related to market changes are of lesser importance for our business than other market risk.

Transition risk, reputation

As our business is already extensively aligned with the ambitions of the Paris Agreement, we believe this risk is less relevant for Småkraft.



Major forces at play at Lauvsnes power plant

Liability risk

Risk of liabilities relating to decisions or lack of decisions, which in one way or another may be linked to climate policy or climate change

Småkraft already operates in line with the aims of the Paris Agreement. We believe that our solutions in total contribute positively towards achieving the climate goals.

Extreme weather and especially floods may, however, affect our installations. Irrespective of weather and the climate situation, Småkraft is responsible for maintaining security during dam and penstock breaks and other critical incidents.

Loss of revenue as a result of volatile water flow and varying power prices

Småkraft is well-equipped to cope with particularly wet years with associated low power prices due to our underlying financial model. Our new risk policy has a clear goal of ensuring that downside protection in such scenarios will function as intended. 2020 was one such year, whereas 2021 was the opposite, with low production and accompanying high prices. This clearly demonstrated that, with expected rising price levels and volatile water flow, the price hedging strategy has room for improvement.

Risk of changed licensing conditions because of climate change

As described above, Småkraft continuously follows up on changes in our installations, changes around our power plants and changes in the water flow in the rivers. Småkraft believes they are best prepared for changes in license terms by proactively following up and managing changes in and around the power plant, which can affect the power plant over time.



The intake for the Liaelva power plant in Sør-Aurdal municipality, Innlandet county.

Conversion factors and report quality

Report quality

Since 2019, Småkraft has followed Euronext's guidelines for ESG reporting. From 2020, Småkraft applied the GRI standard as the basis for reporting. GRI is an internationally recognised standard for reporting economic, environmental and social factors.

Småkraft also utilises the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) for reporting climate-related risk and aims to be in conformity with this reporting standard. The purpose of the TCFD is to identify relevant and significant information on climate-related risks and opportunities.

Småkraft is not required to report in accordance with the CSRD for the 2024 financial year, but the double materiality assessment has been prepared based on CSRD.

For 2024, Småkraft has voluntarily reported in accordance with the EU Taxonomy based on our current understanding of the regulations. A cross reference is available on page 74 of the report.

The report covers all companies in the Småkraft Group. The report is not externally verified to confirm that the figures collected are objective. However, the Group has made every effort to ensure that the information collected for the report and its dissemination are optimal. Any interpretation of background information is carried out in order to provide the most accurate and relevant illustration possible of the actual situation. The data that forms the basis for the reports on the external environment are partly direct measurement data and partly self-reporting of aggregated figures, partly average calculations and some estimates. Where estimates have been made, the data

is marked, and the estimates are based on the best possible specifications. As a result, data precision varies.

The contact person for enquiries about the report is CEO Terje Vedeler.

Updated data from previous reports

In 2023, the upstream emissions from the construction phase were calculated and the emission figures were updated for previous years. In addition, emissions from air travel were calculated based on the number of kilometres flown per passenger. Figures from 2022, 2023 and 2024 are calculated based on the new calculation method, but due to the lack of data, the old calculation method (number of flights x emission for an Oslo-Bergen flight) was used for 2021.

The calculation method for greenhouse gas emission savings was changed and the figures are updated for 2021-2024. The new calculation method involves taking NVE's climate declaration per produced unit of electricity and subtracting Småkraft's direct emissions per produced unit of electricity. This provides a saving per produced unit of electricity multiplied by annual production. This calculation method is therefore based on the fact that emissions from using electricity produced by Småkraft results in lower emissions than the average emissions from electricity currently consumed in Norway. Previously, district heating was reported as renewable; however, this has now been updated to reflect a more accurate emissions profile, aligning with the revised calculation method.

Lifetime emissions (gCO₂e/kWh) have been calculated based on the total emissions and total electricity production for the entire portfolio, rather than averaging individual plant value.

Conversion factors, greenhouse gas emissions

	Emissions/consumption	Source
Company car – diesel	146-219 g CO ₂ e/km	Information for each company car was obtained from the vehicle registration certificate
Electric car – average electricity consumption	0.210 kWh/km	DEFRA ¹
Average emissions electricity consumption Norway	15 g CO ₂ e/kWh	NVE ²
Passenger car – gasoline	0.165 kg CO ₂ e/km	DEFRA ¹
Passenger car – diesel	0.170 kg CO ₂ e/km	DEFRA ¹
Ferry (foot passenger)	0.019 kg CO ₂ e / passenger-km	DEFRA ¹
Bus (average local bus)	0.108 kg CO ₂ e / passenger-km	DEFRA ¹
Train (national rail)	0.035 kg CO ₂ e / passenger-km	DEFRA ¹
Light rail/Metro/Tram	0.029 kg CO ₂ e / passenger-km	DEFRA ¹
Taxi (regular taxi)	0.208 kg CO ₂ e/km	DEFRA ¹
Hotel stays – Germany/France	13.2 / 6.7 kg CO ₂ e / night	DEFRA ¹
Hotel stays – Other countries	10.3 – 29.3 kg CO ₂ e / night	https://www.hotelfootprints.org/
Flights (Short-haul, to/from UK - average passenger)	0.186 kg CO ₂ e / passenger-km	DEFRA ¹
Emissions from district heating - Bergen	2.55 g CO ₂ e/kWh	Eviny Termo ³

(1) DEFRA conversion factors 2024: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024> (accessed 6/3 2025), (2) Climate declaration for physically delivered electricity 2023: <https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-stroemmen-fra/> (accessed 4/3 2025), (3) Environmental Product Declaration Bergen 2024-2029: <https://termo.eviny.no/Fjernvarme-i-Eviny#8d42c51141c3> (accessed 12/4 2025)

Calculation method for greenhouse gas emissions

Greenhouse gas emissions from activities during the construction phase are estimated using the tools G-res tool⁴ and veg-LCA⁵, as well as general EPDs from pipe suppliers.

We calculate our greenhouse gas emissions by converting energy consumption and energy carriers from the Group's buildings, vehicles and installations. We have included an overview of conversion factors in the appendix. These elements are included in the Group's Scope 1, Scope 2 and Scope 3 CO₂e emissions, in line with the GHG-protocol method for calculation and classification of greenhouse gas emissions. CO₂e emissions are greenhouse gas emissions where the impact of the different gases has been converted to CO₂ equivalent emissions.

Greenhouse gas emissions from energy consumption have been reduced by taking out Guarantees of Origin for the measured volume of consumption. Guarantees of

Origin are a labelling scheme for electricity, documenting that a volume of power has been produced from a specific energy source. This scheme was established through the EU's Directive 2001/77/EC on promotion of electricity produced from renewable energy sources. It allows customers the choice between renewable and non-renewable electricity. By buying Guarantees of Origin, the companies in the Group have been able to reduce emissions from energy consumption.

Electricity is a neutral energy carrier without direct emissions. However, different types of power production for electricity have different properties in terms of emissions. Guarantees of Origin allocated by Statnett to producers of renewable energy in Norway provide documentation that the Group's power production is based on Norwegian hydropower.

(4) <https://g-res.hydropower.org/about-tool/>

(5) <https://www.vegvesen.no/globalassets/fag/fokusomrader/miljo-og-omgivelseser/klima/veglca-v5.10b-brukerveiledning.pdf>

E2 – Pollution

Pollution can negatively affect ecosystems by damaging biodiversity and water and soil quality. Emissions to air and water can have an impact on human health and quality of life. Småkraft contributes to the production of renewable energy, yet some areas of the business will still result in emissions of greenhouse gases and other pollution. Our goal is to minimise the impact on the environment.

Impacts	Risks and opportunities
Water pollution	
<p>N Pipe bursts lead to pollution</p>	
Air pollution	
<p>N Emissions of stored CO2</p> <p>N CO2 emissions during the production of raw materials</p>	<p>R Risk of licensing requirements</p>

P Positive impact
 N Negative impact
 O Opportunity
 R Risk

How Småkraft works with greenhouse gas emissions

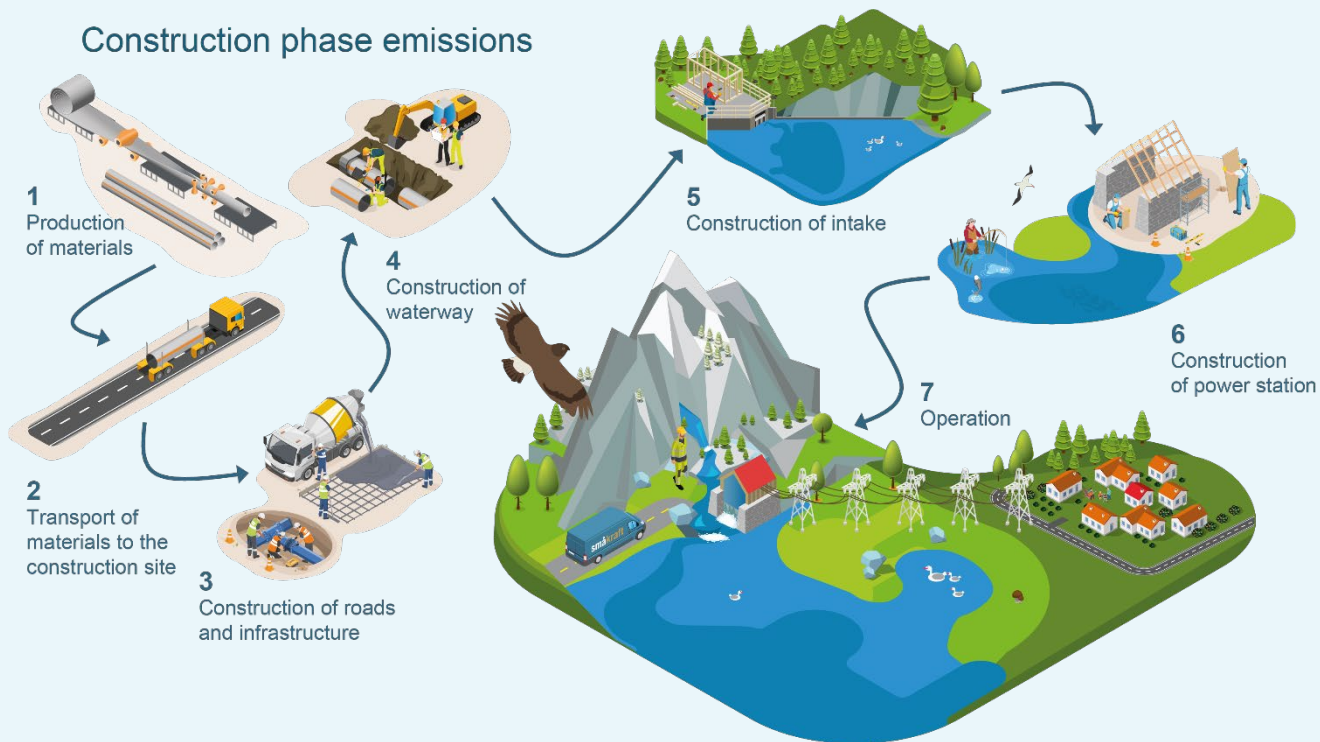
Småkraft contributes to the production of sustainable and renewable energy, yet some areas of the business will still result in emissions of greenhouse gases and other pollution.

The largest share of greenhouse gas emissions from small-scale power plants occurs during the construction phase. Småkraft has collected data on land appropriation and the amount of materials used to build our power plants. In general, it appears that the largest emissions are related to changes in land use and components in the waterways. Emissions from changes in land use depend on the type of land that is changed and what it becomes. Small-scale power plants are land-efficient and do not submerge large areas of land. However, there will still be a need to appropriate certain areas temporarily and permanently in connection

with the development and operation of the facilities. In our estimates, we have used a conversion factor for all land areas.

Depending on the type of pipes used, the waterway accounts for much of the greenhouse gas emissions during the construction phase. Heavier steel and cast-iron pipes discharge higher emissions than fibreglass and PE pipes. Our largest pipe suppliers are now developing both general and project-specific environment product declarations (EPD) for their products. These environmental product declarations state the greenhouse gas emissions throughout the life cycle of a product unit, from the extraction of raw materials to the reuse or recycling of the project. This is used to estimate emissions to the waterways of both newer and older power plants. Estimated transport distances are used in the calculations.

Construction phase emissions



Construction-specific emissions	2024	2023	2022	2021	Source/Explanation
The year's total emissions from power plants built during the year	20,920	10,185	14,486	24,021	Estimated emissions for our power plants under construction. See the section on emissions during the construction phase.
Lifetime emissions for the power stations, incl. construction (gCO ₂ e/kWh)	2.12	2.08	2.03	2.04	Estimated average lifetime emissions for our portfolio of power plants.

Emissions from own consumption

It takes a certain amount of energy to produce energy. This may involve energy consumption in the power station to maintain the correct temperature, for communication and automation of the power plants, and for power consumption

in the offices that our employees use, which are all rented. Småkraft aims to be CO₂ neutral and has therefore purchased or utilised its own guarantees of origin to track our own energy consumption.

In accordance with the GHG Protocol	Goal 2050	Goal 2030	Goal 2025	2024	2023	2022	2021	Source/Explanation
Energy consumed by*	1.5	1.75	2.36	2.08	2.19	2.05	1.51	See note
Energy consumed in offices (GWh)	0.05	0.06	0.07	0.06	0.07	0.07	0.07	According to specification from our landlord
Total consumed energy	1.55	1.81	2.43	2.14	2.26	2.12	1.58	
Consumed district heating in offices (GWh)	0.03	0.04	0.05	0.04	0.04	0.01	0.01	According to specification from our landlord
Acquired and cancelled Guarantees of Origin (GWh)	1.55	1.81	2.07	2.32	2.26	2.13	1.5	Confirmed and verified by the other party
Reported energy consumption from non-renewable sources ***	0	0	0	0.04	0.04	0.01	0.01	

* For the years 2023 and 2024 consumption is estimated based on historic average consumption per mean annual production. We experience an increase in the total energy consumption by the power plants due to our strategic growth. For future reports we aim to report the actual consumption at each plant measured at the grid. Our future consumption goals are decreasing due to our strategic growth.

Several of Småkraft's power plants use internal power from its own power plants for internal consumption. In regard to these, direct power consumption is not measured. For the others, we retrieve consumption data from the electricity suppliers. We use mean values from the measurements to calculate the consumption at power plants where we do not have measurements.

** Includes planned consumption based on the current installed base of power plants in production

*** District heating is not defined as renewable energy, but fossil-free



Travel by car and plane

Transport	Goal 2050	Goal 2030	Goal 2025	2024	2023*	2022	2021	Source/Explanation
Number of km (thousand) in car allowance, excluding electric cars	0	0	50	59.8	76.3	51.5	68.2	Based on paid car allowance. An increase in the number of electric vehicles provides a reduction in kilometres by 2025, even when activity is on the increase.
Number of km (thousand) for rental cars and company vehicles, excl. electric vehicles	0	0	50	106.4	116.9	89.4	86.4	Based on travel expense claims and registered logbooks. We will gradually transition to electrical vehicles, which will reduce consumption. The long-term ambition is to reduce to 0.
Number of km (thousand) with electric cars	200	275	175	107.6	87.1	29.9	2.3	Based on travel expense reports, paid car allowance and registered logbooks.
Total no. km (thousand) for work	200	275	275	273.8	280.3	170.8	156.9	
No. of flights (return)	N/A	N/A	N/A	243	376	184	112	Based on registered and paid travel expense reports.
Number of km (thousand) in air travel*	100	200	250	222.1	255.5	155.4	N/A	Based on registered and paid travel expense reports.

*In 2023, all Småkraft employees travelled to Portugal, partly to visit a power plant. The total number of km flown in 2023, including this trip, was 623,800 km. This is reported as emissions outside normal operations.

Greenhouse gas emissions from transport

Greenhouse gas emissions (tCO ₂ e)	Goal 2050	Goal 2030	Goal 2025	2024	2023	2022	2021	Source/Explanation
Company, rental and private vehicles	0.0	0.0	17.2	31.8	35.5	25.5	26.5	Estimate based on the figures in "Greenhouse gas emissions from transport" and the conversion factors in the appendix.
Air travel	11.2	12.9	15.5	41.3	114.4	28.4	9.6	Estimate based on the figures in "Greenhouse gas emissions from transport" and the conversion factors in the appendix.
Total greenhouse gas emissions	11.2	12.9	32.7	73.1	149.9	53.9	36.1	Estimated emissions

Local pollution

The development and operation of small-scale hydropower plants require interventions in nature by occupying areas of land and water, and can cause pollution in connection with undesired incidents. The

Group's operations do not entail any significant emissions of ozone-depleting substances, and data collection in this area is therefore not a priority.

	Goal 2050	2024	2023	2022	2021	Source/Explanation
Serious environmental incidents	0	3 ^{1,2,3}	0	0	0	See notes
Less serious	0	3 ^{4,5,6}	3 ^{7,8,9}	0	0	See notes

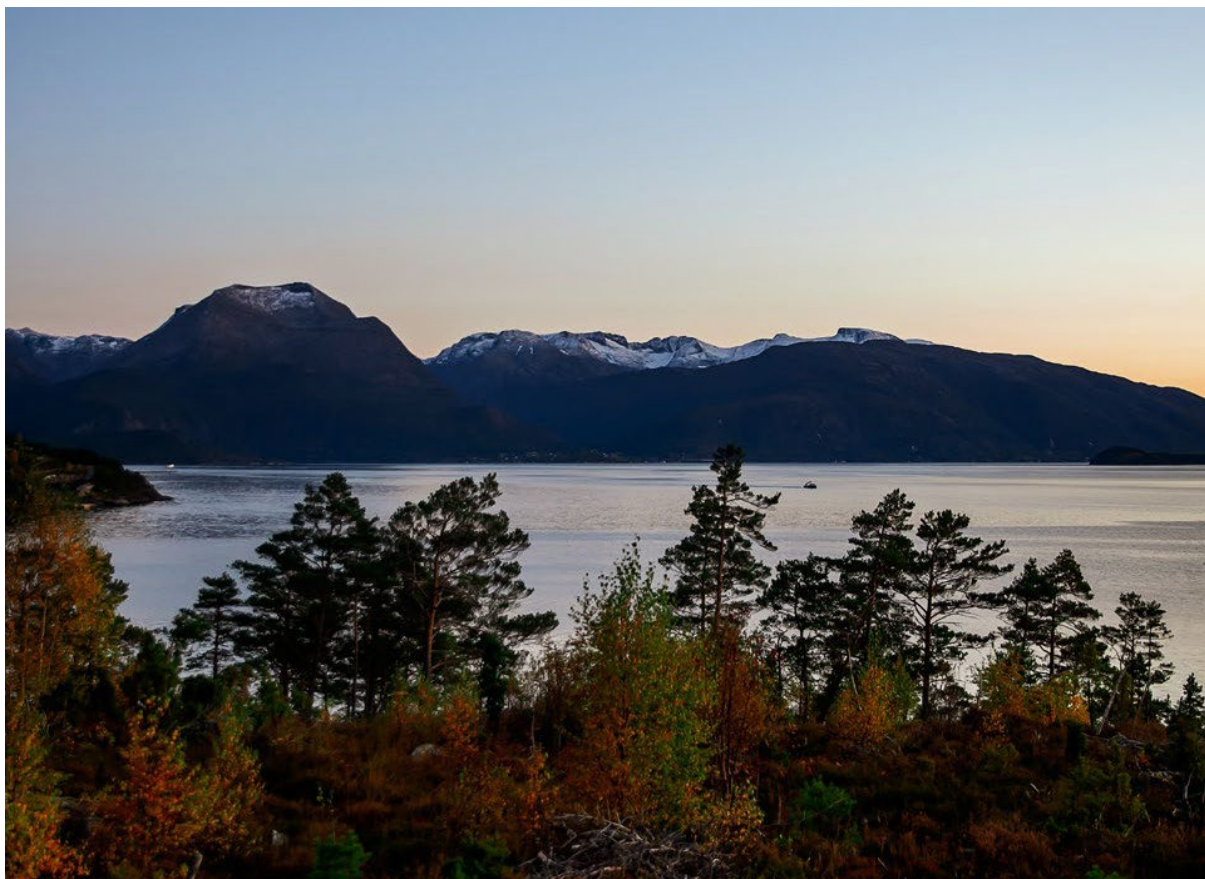
(1) Oil leak Fosstveit, 5 litres of oil leaked into the watercourse (2) Oil leak Fiveland river, 5 litres of oil leaked into the watercourse (3) Small oil leaks Lauvsnes, leaked into the watercourse (4) Tokheim river, process water leaked into the fjord under construction (5) Tyttebær river, 10-15 litres of hydraulic oil leaked onto the floor of the engine room, no leakage into the watercourse (6) Pipe rupture that led to the discharging a mass into the watercourse (7) Leakage from a generator belonging to the Mustadfors hydropower plant (Sweden) in 2023 – no leakage into the watercourse, (8) Leakage from a turbine belonging to the Kvernhus river hydropower plant in 2023 – hydraulic oil leaked into a cooling well, but not into the watercourse, (9) Drilling mud discharge into the Tokheim river in 2023 – drilling mud leaked into the watercourse.



Goals and measures

Småkraft aims to reach net zero for our scope 1, 2 and 3 emissions by 2040, and we will continue to define short- and medium-term goals and measures to support this ambition. Our operating model is based on the use of competent supervisors to operate the power plants locally. This reduces the need for our own personnel to travel to the power plants, which in itself contributes to lower greenhouse gas emissions related to

transport. We only visit the power plants on certain occasions. In addition, we are continuously working to automate the power plants, which further reduces the need for both supervision and physical inspections, and thus also emissions associated with travel activity. We are also working to replace diesel vehicles with electric vehicles to reduce emissions related to necessary business transportation.



Småkraft purchases emission quotas from a hydropower plant in Vietnam

Purchase of climate quotas

Småkraft has some indirect emissions related to our business that we cannot avoid. To compensate for these emissions, we have voluntarily purchased certified carbon allowances corresponding to our estimated emissions from daily operations in 2024, as well as this year's share of lifetime emissions from the power plants.

These allowances are from a hydropower plant in Vietnam that safeguards several of the sustainable development goals that are most important for our type of business. We do not

purchase these quotas in order to comply with any regulations. We have done this via the company South Pole and the hydropower plant Nam Chim 1 in Vietnam. This project utilizes the water flow of the Nam Chim River in the Son province to produce 62.5 GWh of renewable energy each year. This energy replaces power produced by fossil-fuelled power plants, which results in major emission reductions.

Project type: Hydropower plant

Certification: Certified Emissions Reduction (CER)



E4 – Biodiversity and ecosystems

Loss of biodiversity and other human-induced impacts on natural ecosystems are among the greatest risks to humanity. Småkraft's activity and growth strategy affect biodiversity and ecosystems, and we are focused on how our impact on biodiversity is managed, measured and followed up to help us reduce our impact.

Småkraft builds hydroelectric power plants and produces clean, renewable energy. Operating hydroelectric power plants is undoubtedly environmentally friendly, but it also has a negative impact on nature. Our activities affect biodiversity, ecosystems and landscapes through land acquisition, deforestation, water diversion and water

level regulation. The biggest disadvantages are related to construction work in connection with the construction of power plants. Småkraft has identified deforestation and water discharge as significant negative impacts related to the construction and operation of our power plants.

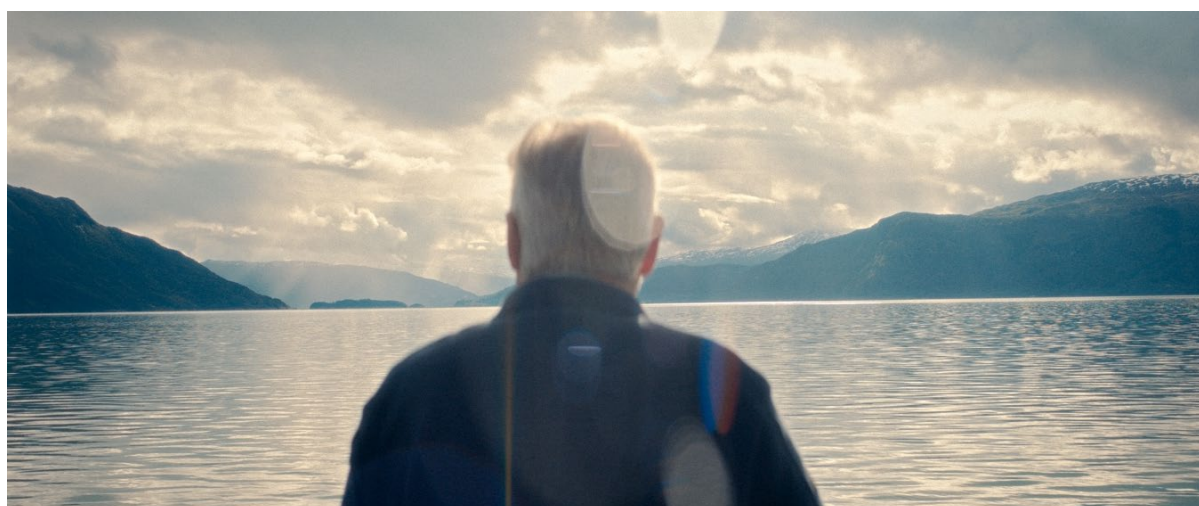
Impacts	Risks and opportunities
Direct influence factors for loss of biodiversity	
N Change in water flow in rivers	R Violation of concession conditions regarding minimum water flow
N Forest clearing	

P Positive impact

N Negative impact

O Opportunity

R Risk



How Småkraft works with biodiversity

Småkraft chooses environmentally friendly development solutions such as fish passages, narrow pipelines or waterways through tunnels where possible. We are committed to ensuring that all interventions in connection with the construction and operation of power plants are carried out as gently as possible.

Small-scale hydropower plants divert water from affected river stretches to produce clean energy. This may also lead to loss of biodiversity. Most power plants require the release of seasonally adjusted minimum water flow as a mitigation measure. This will help maintain good living conditions for the life in and around the river.

The greatest encroachment on nature occurs during the construction phase. We ensure that both we and our suppliers comply with government regulations during both the construction and operational phases. When building power plants, we have an impact on biodiversity and ecosystems, e.g. by clearing forest areas and draining water. However, we try to minimise all interventions in connection with our construction activities and the subsequent operation of hydropower plants. The authorities may set conditions regarding the maximum permitted width of the pipeline route or conditions regarding the marking and preservation of the forest or selected trees and types of habitats.



Minimum water flow

Energy production from small-scale hydro-power plants will have an impact on the local environment around the power station and other installations. These are not a natural part of the surrounding environment, and some parts may act as physical barriers for life in and life that depends on the river.

We need to use some of the water flowing in rivers to produce energy at our power plants. As a result, there will be less water flow in the river between the intake and the power plant that would be the case without the power plant. This can in turn affect biodiversity in and around the river. Our operations are therefore of significance for Sustainable Development Goal no. 14, "Life below Water" and no. 15 "Life on Land".

The majority of our power plants are governed by restrictions on water flow for energy production. This implies that our power plants have to release water to the river (minimum water flow) as long as water is flowing. This is an absolute license requirement laid down to protect biodiversity in the river and reduce negative impacts. For periods when the water flow in the river is too low to produce energy, or when the water flow exceeds the volume the power plant can utilise, the river will have normal flow. As a result, rivers with run-of-river power plants have a relatively natural course during some parts of the year.

The installations are built to allow for physical control of minimum flow at all times, even for persons without in-depth knowledge of the power plant.

All of our power plants with waterway concessions have signs posted with necessary

information about minimum water flow, and many have installed displays at the intake that show the required minimum flow.

Småkraft AS has introduced an internal routine for conducting control measurements of minimum flow every three years at all power plants, and always when taking over a new plant. This is done to ensure that all our power plants are operated in accordance with the requirements and conditions of the issued permits.

Småkraft also has power plants without requirements for the amount of water that must be released into the river at any given time (minimum water flow). This is either because the power plants are old and were built before these requirements were put in place, or because the authorities have never established requirements for minimum flow. Småkraft implements measures at several of these power plants to ensure enough water to prevent the rivers from drying out.

All deviations associated with the minimum flow system is registered in our deviation system. This also includes deviations where Småkraft, based on what is registered, immediately implements mitigating measures by releasing water over the dam.

We only report deviations that could result in a watercourse drying out. Technical deviations where mitigating measures prevent drying are not reported. All deviations that may leave a watercourse dry that are due to problems with the minimum flow system are also reported to NVE.

Rivers left dry by natural conditions are not reported.

	Goal 2025	2024	2023	2022	2021	Source/Explanation
Reported breaches of minimum water flow	0	0	1 **	1 *	0	Småkraft's non-conformance system

* Failure to log minimum water flow for the Tverrgjuvlo power plant, **Deviations in minimum flow for the Støselva power plant due to an incorrect calculation template for the orifice plate. This deviation was discovered during a physical control measurement and reported to NVE.

Bypass valves

When we build new power plants, an independent environmental report is issued and forms part of the application for a power plant license. This allows us to feel secure that the measures we implement are carried out in a way that minimises our environmental impact. When a power plant stops operations, it will take some time before the natural water flow in the river is restored. Some of our power plants are in rivers where continuous supply of water is decisive to prevent fish from stranding on riverbanks or in deep pools, and to ensure fish fry downstream from the power plant. To ensure continuous water flow, 29 of our power plants have bypass valves that open

when the power plant halts operations. These release a sufficient volume of water to prevent the riverbed from drying out. Like minimum water flow, bypass valves are an absolute requirement for licensing, and there can be no deviations. The requirement to install bypass valves generally applies to hydropower plants that involve watercourses with fish migration and national salmon rivers (NLV). We have internal routines for inspecting bypass valves, and in 2024, we tested several of our power plants with this requirement. Such inspections are necessary to ensure that the chosen installed solution functions as expected.



Rasdalen



Bypass valve

Smarter solutions to reduce fish mortality

After two years of significant investments to protect fish and eels, Småkraft is pleased to announce that the new Fosstveit hydropower plant opened in August 2024. The power plant in Tvedestrand now produces electricity for approximately 450 households.

Småkraft purchased the power plant in 2022, well aware of the challenges with fish migration in the river. After an assessment, it was determined that technical solutions and necessary investments could solve the problem, while at the same time allowing the power plant to be operated in accordance with environmental requirements. The investigation and implementation of a new technical solution to protect the fish was initiated immediately. This was developed in collaboration with the Norwegian Water Resources and Energy Directorate, the county governor of Agder, Tvedestrand municipality and local fishing stakeholders.



A number of changes have been implemented and tailored to the environment to ensure that migrating fish and eels will avoid the turbine at Fosstveit hydroplant. As part of these efforts, an intake grille with a narrower slot opening was installed in 2024. This has had a positive impact. The new grate cleaner ensures that the grate is kept clean and that the rate of water flow is low enough to ensure that fish can swim through a new hatch and down the fish passage to the lake. Migrating fish and eels use rehabilitated fish ladders, and eel fry have their own migration through specially made pipes and a channel. A new control system regulates the

amount of water in the migration routes, and a display on the intake structure displays the water management in real time. A safer collection solution has also been established for research purposes, which includes fish counting. The results for 2024 are promising and show that the smolt are finding their way. According to the latest measurement, 80% of PIT-tagged smolt used the escape route past the power plant. This is an increase from previous results. No dead smolt or wintering smolt have been found, which indicates that the new intake grate is effectively preventing them from migrating into the turbine tunnel. This is good news.

The effect of the narrower intake grate has proven highly effective, and there is a significant improvement with respect to eel mortality at the Fosstveit hydropower plant as well. During 2024, Småkraft was pleased to announce that no dead eel had been found downstream. This indicates that the new intake grate, combined with an escape route at the surface, ensures the safe migration of eels past the power plant. It is assumed that the eels either used the escape route, migrated over the crest of the dam or used the salmon ladder past the dam at Fosstveit.

This has been a long process, but one that Småkraft deems highly necessary in order to protect the fish and eel population near Fosstveit hydropower plant. The evaluation of the measures is not complete, and solutions that have been implemented will be researched until 2028.



Sustainability during the construction phase

Småkraft aims to contribute to the further development of clean renewable energy and has several power plants under construction. The company has applied for new licences with Norwegian Water Resources and Energy Directorate (NVE) and is in dialogue with new landowners about future development projects. Our enterprise is entirely dependent on nature, and we are aware of how the construction of hydropower plants affects watercourses and ecosystems, and that it contributes to some land degradation.

We have extensive experience with power plant development and ensure that all our projects are as sustainable as possible. This is ensured through careful planning and implementation.

Planning and design phase

We have the best opportunity to influence the project during its first phase. This is especially true with respect to sustainability. By carefully reviewing regulatory requirements during the early planning and design phase, we are able to choose good and modern solutions for our projects, where we can communicate our environmental goals.

Good, detailed plans for the environment, landscape and transport are key to success. It is essential to use resources early during this phase to ensure that development plans meet all requirements by the authorities, not least to avoid unnecessary delays. During the planning phase, we calculate the amount of concrete to be used throughout the project, the transport needed (including helicopter transport), groundwork, choice of waterway solutions, electromechanical installations and much more.

When starting a new development project, several detailed plans are prepared that involve the environment, among other things. In this manner, we ensure that all

aspects of the development are secured. These plans include the following areas:

- Risk analysis
- Action plans
- Waste management
- List of conditions
- Progress plan
- Organisation chart

We must comply with applicable laws, regulations, approvals and any orders at all times. Licenses and decisions for approval generally come with conditions that form the framework for the power plant's construction and operations. This may involve conditions relating to construction activity during the nesting or spawning period, or conditions for marking physically important habitats and species.

In all of our projects, we aim to:

- Ensure that the living conditions for fish and animal species in the impact area are not significantly harmed
- Preserve important biotopes and red-listed species
- Reduce encroachment on the terrain and avoid permanent damage as much as possible
- Minimise land degradation
- Preserve cultural heritage sites
- Minimise pollution and waste
- Avoid spreading invasive alien species

Implementation phase

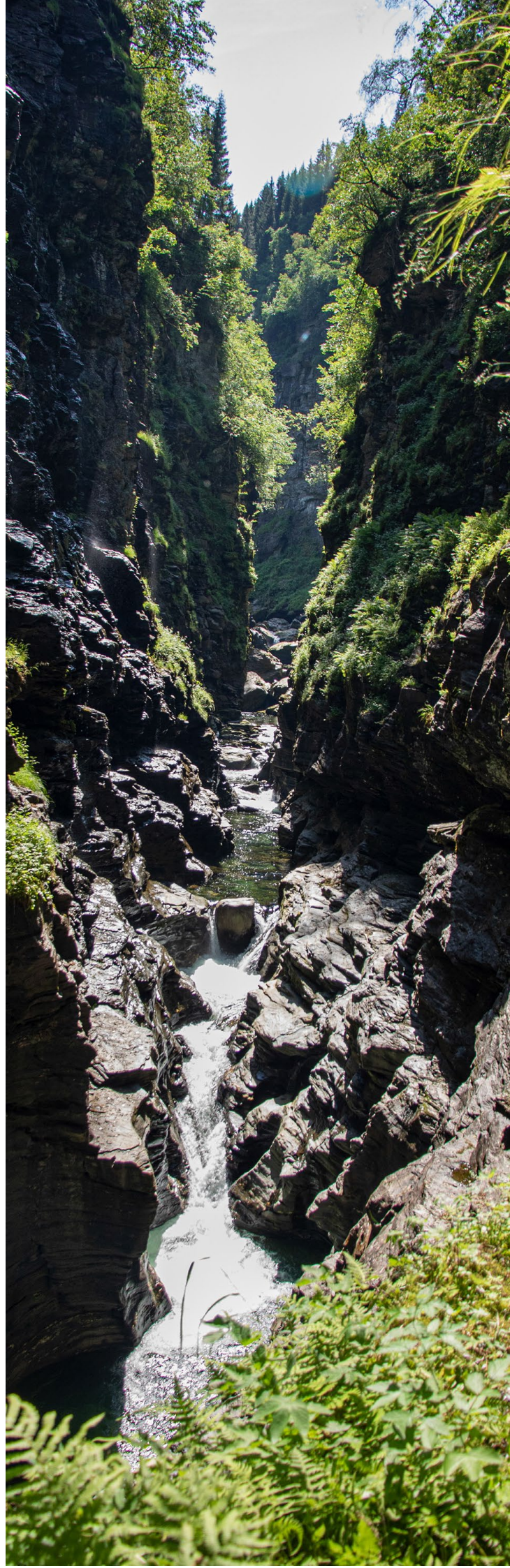
Close cooperation between Småkraft and our subcontractors ensures that the projects are executed in accordance with the plans. For projects where Småkraft is the builder, it is our responsibility to ensure compliance with the government requirements for health, safety and environment throughout the construction phase.

Start-up meetings are held at the beginning of a new project, and we maintain a close dialogue along the way through regular construction meetings with all involved parties. Site inspections during the construction phase are particularly important. We inspect our power plants under construction as often as possible when practical, and we occasionally include representatives from the authorities to ensure that our construction is carried out in accordance with government requirements and guidelines.

Project conclusion

When concluding a construction project, we prepare a final report. The authorities require concessionaires to submit a final report for both the technical and sustainable parts of the project. This report must include a detailed description and documentation of the facility. This must then be approved by the authorities. This part is also important with respect to sustainability and our environmental objectives. Our aim is to continuously improve our work and our implementation of the next project. It is therefore essential for us to maintain a good dialogue with the authorities and other stakeholders.

Småkraft and our partners carry out detailed assessments of how a power plant might affect biodiversity in the area around our installations. This is conducted during processing of the license application and during development of new small-scale hydropower plants.



The process normally involves expert analyses gained from professional groups who assist in such assessments. The analyses relate specifically to individual plants, as the environment will vary from case to case. The different measures we take will therefore vary correspondingly.

During the operational phase, Småkraft monitors the plants and carries out assessments of whether measures have to be adapted to changes in conditions. In 2024, Småkraft's small-scale hydropower plants have been subject to the following measures, documented via our Internal Control system (IC):

- Review of prevailing legislation to identify changes that are relevant to our operations
- Review of registered non-conformance reports and identification of necessary improvement measures
- Carried out 115 periodic inspections of our plants
- Carried out 21 principal inspections of our plants
- Carried out five re-assessment inspections
- 17 external inspections by the authorities in 2024
- We have held HSE courses and courses in the use of defibrillators for operators
- We have continued a major climate study in collaboration with Climate Futures to identify climate-related changes in the conditions for our power plants.

We conduct continuous environmental assessments of our power plants with respect to various challenges related to biodiversity, including habitats for fish stocks. We have identified 40 facilities located in watercourses with anadromous stretches (areas of fish migration). Among these 40 plants, we have ten that require special follow-up with environmental monitoring. Here we perform continuous assessments based on periodical inspections, and we implement measures if we believe that the power plant is impacting the environment beyond the terms and conditions for our operations.

Småkraft is not aware of any fish being harmed by our facilities, with the exception of the Fosstveit hydropower plant, where we carried out an extensive reconstruction in 2024 to prevent harm to salmon, sea trout and eel stocks.

Småkraft has implemented a number of measures to protect life in the river at several power plants. Among other things, we have built an eel trap at Sigdestad power plant to prevent eels from being harmed in the turbine. At Røfsdalselva power plant, we have built a ladder for eel and salmon so they can swim up the river without obstruction. We have introduced installations at Holmen power plant to release water into a separate pool for salmon. Lauvsnes and Møllefossen power plants also release power plant water for fish production in local fish hatcheries. Småkraft also has a few power plants with reservoirs that are subject to requirements for highest and lowest regulated water level in order to reduce the impact on the landscape.

Power plants in vulnerable areas

	2024	2023	2022	Source/Explanation
Power plants in protected watercourses	3	3	3	Hølera power plants in Sør-Aurland municipality, Tjøredalselva power plant in Fjaler municipality, and Åsedøla power plant in Sunnfjord municipality.
Hydropower plants in national salmon watercourses	1	1	1	Holmen power plant in Aurland municipality. In addition, Rasdalen, Børndalen, Tverrelvi, Tverrgjuvlo and Furegardane power plants are located on tributaries to the national salmon watercourse Vosso in Voss municipality.
Power plants in nature reserves	2	2	2	Holmen and Røyrvik power plants.
Penalties because of breach of rules and regulations	1	0		In 2024, Småkraft was fined for violating the minimum water flow at the Støselva hydropower plant in Sunnfjord municipality.



Fish surveys in the Bogelva river

At the end of January 2007, Nord-Trøndelag Elektrisitetsverk (NTE) was licensed to build and operate the Grytendal hydropower plant. Construction began once the concession was transferred from NTE to Norsk Grønnkraft Utvikling AS in 2017. The hydropower plant was put into operation in 2018 and Grytendal Kraftverk AS overtook responsibility for the concession.



Photo: Sigurd Sørås (Multiconsult)

The Grytendal hydropower plant uses a head of 164 meters. Lake Grytendal is regulated at 5 metres and a minimum water flow of 300 litres per second will be released past the intake to the power plant between May 1 and October 15. When the inflow is less than the minimum water flow requirement, the entire inflow must be allowed to pass, and the power plant must not be in operation. The Grytendal hydropower plant was put into operation in 2018 and leads water along a 250-metre anadromous stretch.

Bogelva river is located in the mountainous areas west



Photo: Sunniva Buvarp

of Øvre Kalvatn, flows northwest and empties into the Tosenfjord, approximately ten kilometres from Tosbotn in Bindal municipality. It has a 3.5 kilometre long anadromous stretch and has been registered with moderate stock status for salmon in the period 2015–

2019. There is a moderate impact from hydropower and little impact from sea lice and escaped farmed salmon.

Surveys were conducted in Bogelva river in 2001, 2006 and 2016. The river was registered as having a moderate population of sea trout in 2021 that was moderately impacted by sea lice and hydroelectric power. In April 2018, a washout of loose material occurred in the Bogelva river. Five years later, in mid-February 2023, Småkraft received an order from the Norwegian Environment Agency to conduct fish surveys in the Bogelva river. This was to be conducted during the period 2023–2026 to determine whether the washout had caused damage to fish stocks in the river.

The order involves annual surveys on juvenile fish stocks with electrofishing along anadromous stretches, counting of spawning fish and mapping substrate conditions. The purpose of the juvenile fish surveys is to map species distribution, year-class strength, and the density and growth of juvenile fish. Småkraft AS has therefore engaged Multiconsult AS to conduct surveys.



Photo: Sigurd Sørås (Multiconsult)

Juvenile fish surveys from 2023 and 2024 show that spawning is taking place in the Bogelva river. It is determined that these surveys have provided sufficient information on spawning conditions in 2024, as it was not possible to conduct spawning registrations due to high water flow. Incidences of both salmon and trout have also been recorded at all stations, indicating that the entire anadromous stretch is functioning well for both species.

Policies

Småkraft assesses risks, impacts and opportunities related to biodiversity and ecosystems both before development and later during the construction, operation and maintenance of the hydropower plants. The company has its own internal control system and works continuously to map and identify potential environmental hazards.

The Norwegian Watercourse Act, along with licensing terms and conditions for the power plants, lays out regulatory requirements for the activities at our power plants. Our power plants must be operated in accordance with regulatory requirements. Requirements for our business from the owner and internal requirements may go beyond regulatory requirements, and will in many cases be stricter than required. All requirements are laid down in our quality system and verify compliance with the requirements through systematic registration and processing of nonconformities, as well as through management's review of the activities carried out annually.

Småkraft has a deviation system that establishes, processes and retrieves deviation statistics for the business. In addition to our work on deviation management, we conduct an annual management review of the quality system, where we assess changes in external requirements and compliance with existing work processes. The results of this review also form the basis for changes in strategic actions as needed.

Goals and measures

Småkraft's goal is to operate all of our hydropower plants without environmental deviations. This means that there must always be compliance with all applicable conditions for permits, including minimum water flow, regulation limits, bypass valves, preservation of edge vegetation, etc. Violation of conditions regarding the release of minimum water flow or failure to comply with regulatory limits could lead to the depletion of reservoirs and dry up the rivers. This could in turn have major negative consequences for biodiversity and potentially lead to the loss of species. In 2024, control measurements of minimum water flow were carried out at 44 facilities.

Småkraft aims to implement measures that improve the ecological condition of some of our older, unlicensed and license-free power plants as far as possible, while maintaining renewable power production. Småkraft has therefore conducted an environmental classification of our power plants and identified locations that are particularly important in terms of biodiversity. Several biodiversity surveys were conducted in 2024. Fish surveys have also been conducted in the Bogelva river. Further details can be found in the chapter Taxonomy Report under.

Småkraft conducts periodic inspections of the biological condition of the rivers where our power plants operate. We have not identified any harm caused by the operation of our facilities in 2024. However, the company has received a violation fine from the Norwegian Water Resources and Energy Authority (NVE) in connection with a violation of the minimum water flow requirement.

Småkraft reported this deviation to the authorities. This concerned the release of insufficient water (7 litres too little) at a new facility where the supplier had not performed the necessary calibration of the minimum water flow.

If a deviation occurs, we take immediate action by correcting the deviation or releasing a corresponding amount of water into the water until the deviation is corrected. In addition, we have a set routine of performing visual verifications by video surveillance at most of our intakes every two weeks.

Småkraft tries to avoid unnecessary encroachment on nature. If this is not

possible, we work to minimise all interventions related to our business. We rehabilitate and revegetate areas affected by development following the construction period and compensate in another way if rehabilitation is not possible. During 2024, Småkraft has worked to revegetate several facilities.

NVE has also changed guidelines for controlling minimum water flow in our licensed facilities. Småkraft now carries out more than 50 such inspections each year to follow up on the new recommendations for calibrating the measurements.



Småkraft AS conducts annual inspections of all our power plants. These inspections are carried out at statutory intervals, with varying inspections from year to year for Småkraft's total portfolio of small-scale hydropower plants. In addition, weather conditions and other factors may affect the execution of inspections. In 2024, 140 inspections were carried out.



Inspections include the following:

Inspection of the terrain

- Mudslides/landslides
- Leaks
- Unnatural water formations

Inspection of the waterway

- Minimum water flow
- Bypass valve
- Pools, mass deposition

Inspection of revegetation

- Pipe route
- Intake
- Auxiliary systems

Småkraft aims to map biodiversity at selected locations. Based on this survey, we will consider the implementation of improvement measures.

Inspection of environmental conditions

- Fish stock
- Freshwater pearl mussels
- Unique species
- Unwanted species
- Any injured species

Taxonomy report

Introduction to the EU taxonomy

Sustainable investments are crucial for enabling the EU to achieve its climate and energy goals by 2050. The EU taxonomy is a classification system that defines which economic activities are considered environmentally friendly based on the EU's climate and environmental goals.

The taxonomy contains six environmental objectives linked to the sectors responsible for 80 percent of Europe's greenhouse gas emissions:

There are six primary objectives in the Taxonomy Regulation

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The energy industry is included in these sectors, and thereby also the hydropower industry and Småkraft. The criteria provide standards for the environment and hydropower, which is why Småkraft has decided to conduct a conformity assessment of the Taxonomy, even though we are not yet included in the scope of the regulation.

We performed an evaluation of all our hydropower plants in 2021, which was continued in 2022, 2023 and 2024, in accordance with the taxonomy. This work is ongoing, and we have actively designed the work to adapt to the environment. Our review of available documentation and assessment of laws and regulations of hydropower in Norway was taken into account, and on this basis, Småkraft's operations are considered to be in conformance with the taxonomy. An overview of the criteria in the Taxonomy, as well as references to parts of conformity assessments are presented in the appendices.

For an economic activity to be considered "green" or environmentally sustainable, it needs to meet four sets of conditions:

1. Contribute significantly to at least one environmental objective
2. Avoid causing significant harm to any other environmental objective
3. Follow minimum social safeguards
4. Meet technical screening criteria

The Taxonomy Delegated Acts will establish and maintain clear criteria to determine what qualifies as a substantial contribution and what avoids significant harm. Småkraft is not currently required to report Taxonomy information, but the company has chosen to voluntarily share information about the EU Taxonomy based on their current understanding of the regulation, which currently covers only the two climate change objectives.

How Småkraft works with the taxonomy

1. By identifying taxonomy-eligible activities within the company
2. Assessing whether the activities meet the technical assessment criteria
3. Investigating whether the activities comply with security requirements
4. Applying relevant reporting rules for the taxonomy

Mapping of the various activities within the company is performed continuously, also at the various power plants.



Taxonomy compliance assessment

Småkraft's internal resources and external advisors have conducted several assessments in recent years to confirm whether our activities are in accordance with the taxonomy's requirements:

1. Significant contribution to at least one environmental goal

All of Småkraft's economic activities are within the European Economic Area ("EEA"). Therefore, Småkraft's economic activities are fundamentally eligible for the taxonomy.

The ongoing work Småkraft performed in 2024 is partly based on the first goal of the taxonomy, which involves reducing and preventing greenhouse gas emissions. Småkraft's calculated average lifetime emissions for our power plants (including the construction phase) indicate lifetime emissions of 2.81 g CO₂e/kWh, which is within the taxonomy's requirement of 100 g CO₂e/kWh, thereby demonstrating that we are contributing significantly to achieving this climate goal.

Technology	Significant contributions to one of the climate goals
Hydropower	<p>All of Småkraft's unregulated hydropower plants meet the criteria for contributing significantly to climate goals, as there is no additional taxonomy requirements associated with these power plants. Of Småkraft's total production capacity of 2.1 TWh, 83% are unregulated hydropower plants.</p> <p>The remaining power plants have reservoirs or dammed capacity. Hydropower plants are required to have a power density greater than 5 W/m² or lifetime greenhouse gas emissions of less than 100 g CO₂e/KWh.</p> <p>Småkraft has calculated the power density for all of our power plants with storage capacity. The results show that the remaining 17% all have a power density above the criteria for 5 W/m² dammed area, or lifetime emissions below the criteria for 100 g CO₂e/KWh.</p> <p>This means that 100% of Småkraft's hydropower plants meet the criteria that they contribute significantly to one of the climate goals.</p>



2. Do no significant harm to any other environmental objective

The economic activity must not significantly harm other environmental objectives. Småkraft knows that hydropower plants has a particular risk of harming the following environmental objectives:

Water resources

Hydropower plants can have a negative impact on the water resources we use to generate electricity. This is because hydroelectric power production affects the natural flow of water in rivers, lakes and waterways. The requirement related to water resources is set out in the EU's Water Framework Directive and linked to the various countries' laws and regulations related to water resource regulation. This is practised somewhat differently in Norway

than in Sweden. In Norway, the licensing conditions and the Planning and Building Act regulate the requirements, while in Sweden, a national plan has been identified to ensure compliance with the EU's Water Framework Directive.

Biodiversity

Småkraft is making ongoing efforts to ensure the best possible overview of all our hydropower plants with respect to identifying power plants that could potentially damage to biodiversity. This is done as part of Småkraft's internal control systems, which monitor minimum water flow and ensure that measures to safeguard biodiversity are taken in accordance with the concession. Details related to this can be found under E4: Biodiversity. 100 % of our power plants meet the biodiversity criteria.

Country	Biodiversity
Norway	<p>In Norway, 176 of our facilities are subject to licensing, and here we follow up on those imposed on us as a concessionaire by the authorities.</p> <p>A total of 18 of our power plants are unlicensed but located in rivers where the authorities monitor biological condition and categorise these as good.</p> <p>We also have 5 hydropower plants that are not licensed but located in rivers that is not categorised as having good ecological status. We have made separate assessments of these power plants and concluded that these also meet the environmental requirements set by the authorities.</p> <p>One of these rivers has been in the media in connection with an environmental study conducted by the county governor 16 years ago. We will conduct a new assessment in collaboration with an external advisor to update the factual basis and consider any special measures for this river.</p>
Sweden	<p>In Sweden, we are subject to the national plan for upgrading river stretches and follow the requirements that are set for this work at all times.</p>

We conduct periodic checks of the biological condition of the rivers where our power plants operate, and we have not revealed any harm caused by the operation of our facilities in 2024. The license requirements for minimum water flow are followed up through continuous monitoring by our operations centre. These measurement results are also on display at our facilities so that anyone can report deviations to Småkraft or the authorities. Further details in chapter E4 – Biodiversity.

3. Meet the minimum social safeguards

Småkraft has assessed whether our economic activities meet the minimum social requirements in the taxonomy. This involves checking to ensure that our governance systems meet requirements such as anti-corruption and fair competition, and that social norms are not violated, including human and labour rights.

Within all our economic activities, Småkraft operates within the following framework:

Social framework
We respect human rights and the ILO's fundamental principles on labour rights.
Our human rights policy to prevent, address and remedy human rights violations is determined in accordance with the UN Guiding Principles on Business and Human Rights.
Småkraft is against all forms of corruption and works to achieve the highest ethical standards in all parts of our business.
Our code of conduct describes our fundamental values and our commitment to ethical work to safeguard the company's integrity. This is the very foundation of our business.
Our code of conduct prevents corruption, and we have implemented internal controls to prevent, detect and remedy any violation of our anti-corruption program. All employees at Småkraft have signed the requirements in the CoC.

All requirements related to minimum social and governance standards are included and implemented in our governing documents and control systems. For this reason, Småkraft does not expect to see projects in early phases encounter challenges related to minimum social requirements when they eventually materialise.

Reporting on income, investments and costs

In accordance with the taxonomy, companies must report to what extent their activities meet the requirements set out in the taxonomy. This is quantified in the key performance indicators (KPIs) of revenue, investments and costs.

According to the taxonomy, KPIs should be reported based on the company's consolidated financial figures as set out in accordance with the international accounting standard IFRS. This implies that income, investments and costs should be reported for companies that Småkraft AS controls. The KPIs therefore do not include economic activity in Joint Ventures, such as Luster Småkraft AS and Rullestad and Skromme Energi AS.

Småkraft's revenues provide a good picture of the proportion of the company's production that is in line with the taxonomy's requirements. The revenue reflects actual output in the Småkraft Group and allows investors to directly report what percentage of their funds are invested in eligible and compliant activities.

Småkraft's investments give investors a good picture of the company's strategic direction, and what kinds of activities will generate revenue in the future. Investments are 100 % related to qualifying activity. Non-qualifying activities are related to office buildings, furniture and internal projects. Of the 100 % eligible investments, 100 % relate to activities that are consistent with the taxonomy.

Småkraft's operating costs cover all non-capitalised costs related to research and development as well as direct costs associated with the daily operation of the power plants. Operating costs provide information about repairs and maintenance incurred to ensure efficiency in the projects. Among the included operating costs, 100 % is related to activities that are consistent with the taxonomy.

The share of revenue in accordance with the taxonomy

Net revenues in the taxonomy reporting are net power revenues obtained from Småkraft's accounting system. Småkraft's consolidated income is primarily derived from the sale of renewable electricity from small-scale power plants on the Nordic power exchange Nordpool via a third party.

Revenues			
Economic activities	In compliance	%	EUR million
Eligible activities		100 %	54.43
Construction and operation of small-scale hydropower plants	Yes	100 %	54.43

	Revenues		Investments		Costs	
	EUR million	%	EUR million	%	EUR million	%
Qualified	54.43	100 %	55,59	100 %	29,82	100 %
In accordance	54.43	100 %	55,59	100 %	29,82	100 %
Expected to be in accordance with in the future	54.43	100 %	55,59	100 %	29,82	100 %
Not qualified	0	0 %	0	0 %	0	0 %

The proportion of investments and costs in accordance with the taxonomy

Investments in the taxonomy reporting are net investments related to the acquisition, development and rehabilitation of power plants taken from Småkraft's accounting system. These investments cover investments in fixed assets and intangible assets throughout the year. Investments in accordance with the taxonomy include investments in existing or planned power plants.

For Småkraft, the acquisitions and upgrades primarily relate to existing

hydropower plants in Norway and Sweden, and to the construction of new power plants in Norway.

Småkraft has also capitalised costs related to future development of hydropower plants. These costs are associated with early stages, where technical screenings have not yet been completed. According to the EU Taxonomy established by Regulation (EU) 2020/852, the development and operation of hydropower plants that produce electricity (according to the statistical classification of economic activities established by Regulation (EC) 1893/2006) are suitable as climate action and therefore eligible activities.

Investments			
Economic activities	In compliance?	%	EUR million
Eligible activities		100 %	55.59
Construction and operation of small-scale hydropower plants	Yes	100 %	55.59
Construction and operation of small-scale hydropower plants and/or other activities	No	0 %	0

The proportion of costs in accordance with the taxonomy

Costs			
Economic activities	In compliance?	%	EUR million
Eligible activities		100 %	29.82
Construction and operation of small-scale hydropower plants	Yes	100 %	29.82
Construction and operation of small-scale hydropower plants and/or other activities	No	0 %	0



Social

S1 Own workforce

S3 Affected communities

S1 – Own workforce

The people at Småkraft are our most important resource. Safety, commitment, equal treatment and development are crucial to our success. To achieve our ambitious growth goals, we must retain and attract talented people. Investing in employees, promoting a culture of diversity and inclusion, offering a safe workplace and ensuring equal treatment are important to delivering on our goals and ambitions.

The CEO of Småkraft holds the ultimate responsibility for overseeing our employees, suppliers, and third-party personnel. This includes the responsibility to ensure updates of, and compliance with the quality handbook and current work processes.

Småkraft is committed to safeguarding human rights and promoting responsible working conditions for our own employees and those who work with our suppliers and partners. To achieve this, all our employees are committed to adhering to strict ethical guidelines.

Requirements for safe behaviour and an awareness of social responsibility for the local community near the power plant do not only apply to our own employees. This must also be ensured by suppliers and other

stakeholders with whom we collaborate. As part of Småkraft's double materiality assessment, we have focused on chapter S-1, Own workforce.

S1 – Health and Safety

The power plants we own and operate carry great forces both through the watercourse and through the electricity. Adequate safety and security measures as well as competent personnel are required for this task. Without this, our employees, local supervisors and third parties could be at significant risk. Education and training for our employees and suppliers is therefore essential for safety.

Impacts	Risks and opportunities
Employment-related incidents, accidents and injuries	
<p>N Safety for own employees and contractors.</p>	

P Positive impact
 N Negative impact
 O Opportunity
 R Risk

How Småkraft works with safety

Småkraft works to increase safety through systematic risk reduction, employee training and regular follow-up from management and safety representatives. All personal injuries and high-risk incidents are handled and investigated to determine underlying causes and share learning between our plants and facilities.

Requirements for safe behaviour and an awareness of social responsibility for the local community near the power plant do not only apply to our own employees. Suppliers and other stakeholders we work with in connection with the construction and operations of our power plants must also comply with these.

At Småkraft, all critical functions of the company are to be managed by permanent employees. Non-critical functions are outsourced to suppliers to ensure larger professional environments and access to capacity, but the company must possess ordering expertise in all disciplines to ensure the quality and efficiency of the services we request.

Småkraft has established a working environment committee "Arbeidsmiljøutvalg" with representatives from employees and management who follow up matters regarding the working environment in the company, as well as its status through annual working environment surveys for employees.

Policies

Småkraft is committed to providing a safe and healthy workplace for our employees, contractors and visitors. We will take all necessary measures to prevent accidents and injuries, and we will provide the necessary training, equipment and resources to ensure that everyone is aware of and follows safe work practices.

Småkraft has good work processes for safety. Health and safety standards that apply to both Småkraft's employees and those who work on behalf of Småkraft are anchored in the provisions of the Working Environment Act, Section 1-1. This legislation sets out fundamental requirements for our business operations. Furthermore, we have implemented internal company directives that not only promote safe practices, but also promote the responsible and sustainable use of natural resources. These internal measures are designed to ensure the well-being of our employees and the longevity of our environmental commitments.

Guidelines are outlined in Småkraft's Quality Handbook, chapter 3.4, where our main goal is to guarantee that our operations are compliant with both internal and external standards as determined by our various stakeholders. This handbook is an integral part of the organisation's governing documents.

As part of the safety routine, all deviations are recorded in accordance with the definition by the Norwegian Labour Inspection Authority's guidance, as well as ISO 9001 relating to incidents. We distinguish between personal injuries and near misses, technical deviations, quality deviations, violations of regulations and suggestions for improvements.

S1- 1: Less serious accidents and incidents

	2024		2023	
	Our own employees	Others in the value chain	Our own employees	Others in the value chain
Personal injury with absence	2		3	
	0	2	0	3
Personal injury with absence	5		8	
	0	5	2	6
Reporting unwanted incidents	11		9	
	5	6	2	7

	2024	2023	2022	Source/Explanation
Number of employees	33	32	28	Permanent, full-time employees at Småkraft AS
Average sick leave	2.4 %	1.3 %	1.9 %	Short-term sick leave for own employees
Operators who have completed safety training courses the last 3 years	384	306	152	Comprises own employees, operators and landowners.
Number of registered nonconformances	240	307	190	More incidents/injuries have been reported because we have more power plants and due to the implementation of new routines. From 2022.
Operators	195 ¹	217	191 ²	Local operators hired contract to provide daily maintenance of the power plants, as a secondary job for extra income.

(1), (2) In 2022 and 2024, the number of operators is based on contracts that Småkraft has with individuals who operate power plants. Otherwise, Småkraft also cooperates with professional companies that operate some of the power plants.



Goals and measures

Småkraft has a goal of zero injuries. No serious incidents occurred in 2024. However, in Småkraft's mapping of IROs, we can see that the risk of minor injuries is high. To improve safety for Småkraft's own employees, the company has worked systematically over time with various improvement measures and implemented new measures to achieve this goal.

Småkraft wants the working environment to provide a foundation for a health-promoting and meaningful work situation and has therefore planned for all employees to undergo annual health check-ups by the occupational health service in accordance with Section 13-1 of the Working Environment Act. In addition, sick leave is being monitored and reported on a monthly basis.

For this reason, we send our own employees on training courses, which we also provide for our operating personnel who will be working at the power plants. Several of the supervisors are working alone at the power plants, and an evaluation of their safety has led us to install defibrillators at 160 of our power plants.

Self-rescue courses and a general first aid courses are also held for our operators and our landowners. All defibrillators are reported to 113, so that they are accessible to locals and hikers who often find themselves in the area near the power plants. We have also implemented a system for notifications in connection with work and transport in critical work situations. All employees are offered the opportunity to download and use the Team Alert app when travelling alone during working hours. Our

intent is to further secure personnel who are working alone to ensure the early identification of undesired incidents.

These internal measures are designed to further increase the safety of our employees and contractors.

Safety on construction sites where Småkraft acts as the client is closely monitored and supervised by Småkraft's technical department. This proactive approach ensures that safety measures and protocols are strictly adhered to and maintained to ensure the safety of everyone involved in our projects.

To raise the level of security, we conduct annual assessments of risk elements related to our business, including assessments of trends related to our risk elements. We are also working to ensure the safety of hired supervisors and third parties staying at or near our facilities. Here, safety is primarily about limiting access to risk zones, especially those related to open water. This will be done in the form of signage, closed doors, barriers and fences, in addition to alarm systems.

Annual performance reviews are conducted with all employees to ensure a positive working environment, promote personal growth, maintain compliance with regulations and rights, and promote open and constructive dialogue between managers and employees.

During 2024, we have implemented several additional measures to ensure the safety of our employees:

Included a separate safety chapter in the employee survey

Introduced kick-off meetings for each project with reviews of the HSE plan with a focus on risk and risk-reducing measures

HSE reporting of all incidents to the development manager on all construction projects. Measures are implemented for increasing trends.

Continuation of defibrillator courses for supervisors and employees

Conducted periodic inspections and a primary inspection with our personnel at 140 of our power plants.

Upgraded security levels for IT systems at our facilities

Introduced TeamAlert app for all employees

Better follow-up of Safe Job Analyses (SJA) in writing during maintenance work at our facilities



Equal treatment and equal opportunities for all

Impacts	Risks and opportunities
The economic, social and cultural rights of the local community	
<p>P Payment of property tax and estate tax</p>	
Indigenous and tribal peoples' rights	
<p>N The regulation of water reservoirs can make travel difficult for indigenous people who use the areas for moving grazing animals.</p>	

P Positive impact
 N Negative impact
 O Opportunity
 R Risk

How does Småkraft work with equal treatment and equal opportunities?

Småkraft aims to be a diverse and inclusive workplace where everyone has equal opportunities. At the same time, it is important for Småkraft to retain, further develop and attract the best employees. Our strategy is also to nurture, further develop and attract the expertise and skills needed today and in the future.

Småkraft will contribute to a more inclusive work environment that actively seeks diversity in terms of gender, ethnicity and age. The company aims to facilitate a diverse and inclusive workplace where everyone has equal opportunities to contribute and succeed. At the same time, Småkraft wants to contribute to developing employees' competence and skills needed both today and in the future. These are positive influences and opportunities for Småkraft. If we are unable to offer equal opportunities within the company, this will clearly pose a risk for Småkraft when it comes to securing future expertise and competence.

Different backgrounds and perspectives are needed to ensure a competent and sustainable work environment. Småkraft therefore focuses on diversity and inclusion. The energy industry in general and the

small-scale hydropower industry in particular have had a gender imbalance for some time now. There has been and still remains a predominant number of men in the industry. In addition, the industry has a high average age among employees. Småkraft recognises that both the industry as a whole and the company in isolation have a long way to go. In 2024, the company had a relatively low proportion of women (24 %) and a high average age in the company (47 years) and has a stated goal of working towards this imbalance.

Småkraft has strategically chosen to outsource certain functions where external entities can deliver equivalent or higher quality, leveraging their capacity and specialised expertise. Areas we have outsourced include legal support, accounting, hydrological analysis, and power sales.

Policies

Småkraft is committed to creating a diverse and inclusive workplace, where everyone is treated with respect and dignity, and where individual differences are valued. We will not tolerate any form of discrimination, harassment or bullying, and we will take all necessary measures to prevent and deal with such behaviour.

The CEO of Småkraft has the overall responsibility for following up on the work regarding human rights and social responsibility. This includes the responsibility to ensure updates of, and compliance with current work processes. Småkraft AS undertakes to respect and act in accordance with external and internal requirements for human rights and social responsibility for employees, suppliers, partners and persons staying in or at our facilities.

Human rights and social responsibility are enshrined in Småkraft's governance documents. Concrete measures and follow-up are decided and delegated to the organisations via the management team, and department managers have a special responsibility for following up on their own employees, especially in relation to the working environment, work processes and workload.

All employees at Småkraft have employment contracts. Work tasks are described in governing documents and in job descriptions for individual employees.

Småkraft also follows requirements and guidelines from both The UN Guiding Principles (UNGPs), The ILO Declaration on Fundamental Principles and Rights at Work and The European Convention on Human Rights.

Goals and measures

Gender equality and equal opportunities

Småkraft is working purposefully with several measures to ensure better diversity in the company, as well as being able to retain and develop our skilled managers and employees, and attract new and appropriate expertise.

Småkraft does not give preference to or discriminate against employees based on gender, ethnicity, sexual orientation or religion. At the same time, the company has clear guidelines stating that it will work to ensure better gender balance through new recruitments and prioritise gender equality under otherwise equal conditions.

Småkraft is committed to providing equal pay for equal work. Fair pay is assessed through factors such as job category, position level and complexity, experience, education, seniority, performance and location.

Two of the five individuals we hired at Småkraft in 2024 were women and 24 % of our employees are now women. Småkraft's management consists of 25 % women, which is an increase from 2023. The company's board of directors consists of 50 % women and the board chair of the company is a woman. One of the initiatives taken in this regard is to improve our recruitment process to reduce bias.

In addition, Småkraft is dedicated to promoting a work-life balance. Examples of this include the company's flexible work schedules, the possibility of remote work, and the implementation of streamlined workflows that are designed to accommodate different life situations. This can also contribute to increased diversity.

Several measures have been implemented to attract new co-workers.

Småkraft has several students working in 20 % positions alongside their studies. This increases diversity by bringing younger workers and new impulses into the company. This can also be a good way to recruit new employees when we have a need.

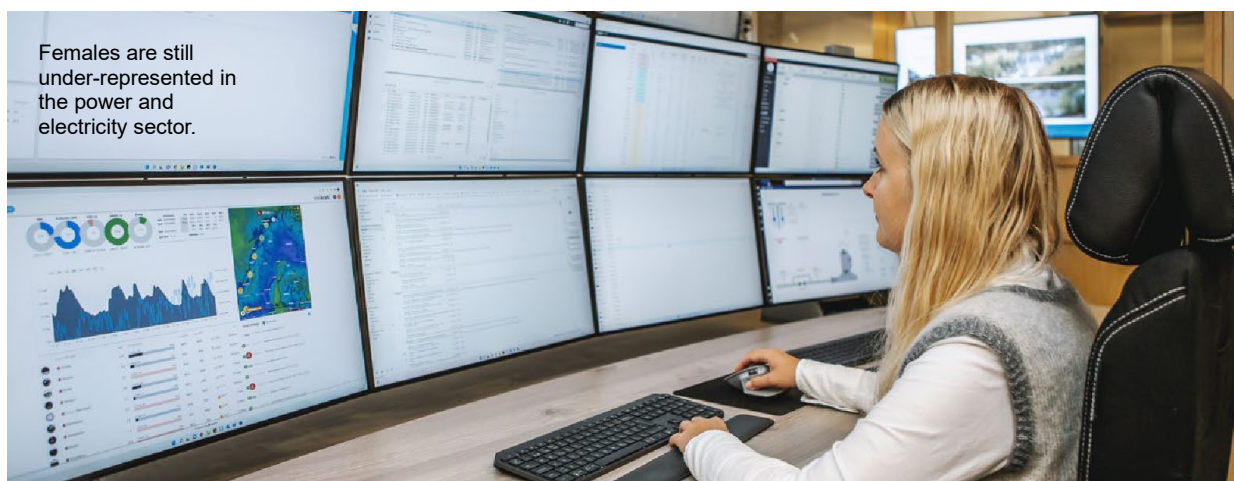
The average age of our operators is higher than that of our permanent employees, and we are facing a substantial turnover in the years to come. Småkraft will also strive for a better balance between genders in this area and has an ambition to increase the proportion of women in connection with the generational shift.

Discrimination and harassment are a separate item in the annual employee

survey and identified as important human rights risks with a potential negative impact on employees. Småkraft's employee survey for 2024 reported zero cases of discrimination. Employees also state that sustainability is a decisive factor in their choice of employer. The employee surveys also make it possible to analyse trends and implement measures where necessary. Småkraft is committed to respecting human rights and has conducted an assessment of risks related to human rights. This risk includes internal and external stakeholders. Identified risks have been included in the overall risk register of the company. Mitigating measures will be initiated and monitored, if necessary.

	2024	2023	2022	Source/Explanation
Number of employees	33	32	28	Permanent, full-time employees at Småkraft AS
Employees that will retire in the next 5 years	9 %	3 %	7 %	
Employees that will retire in the next 10 years	15 %	12 %	18 %	

	Goal 2025	2024	2023	2022	Source/Explanation
Share of females in the Board of Directors	50 %	50 %	50 %	50 %	Annual report
Number (share) of female employees in the company/Group	>25 %	8 (24 %)	6 (18 %)	5 (18 %)	Annual report
No. of female operators	>50	10	6	7	Annual report
No. women (men) among new employees	>50 %	2 (3)	1 (1)	1 (2)	Annual report



Skills development

Småkraft invests in skills development in accordance with both the company's needs and individual needs to ensure that we can realise the company's business strategy and be an attractive employer. Småkraft provides opportunities for personal and professional growth, and aims to promote a continuous learning culture based on a growth mindset among managers and employees, where learning is integrated into daily work.

Småkraft has employees who have higher studies and PhD scholarships covered by the company. This has resulted in a win-win in the form of increased skills development for both the employee and Småkraft. Learning and development is offered through a combination of on-the-job training, social learning, peer learning and, in some cases, external training.

In addition, each employee engages in an annual performance review with their manager to discuss and document development goals and activities. The company also focuses on leadership development and the planning of leadership resources for critical positions. Leaders are offered development initiatives and programmes tailored to the needs of the individual. Performance appraisals help ensure a positive working environment, promote personal growth, maintain compliance with regulations and rights, and

promote open and constructive dialogue between managers and employees.

To examine employee engagement, Småkraft annually conducts an employee survey. The survey focuses on key drivers and enables employees to provide feedback that is translated into targeted action plans and improvement plans.

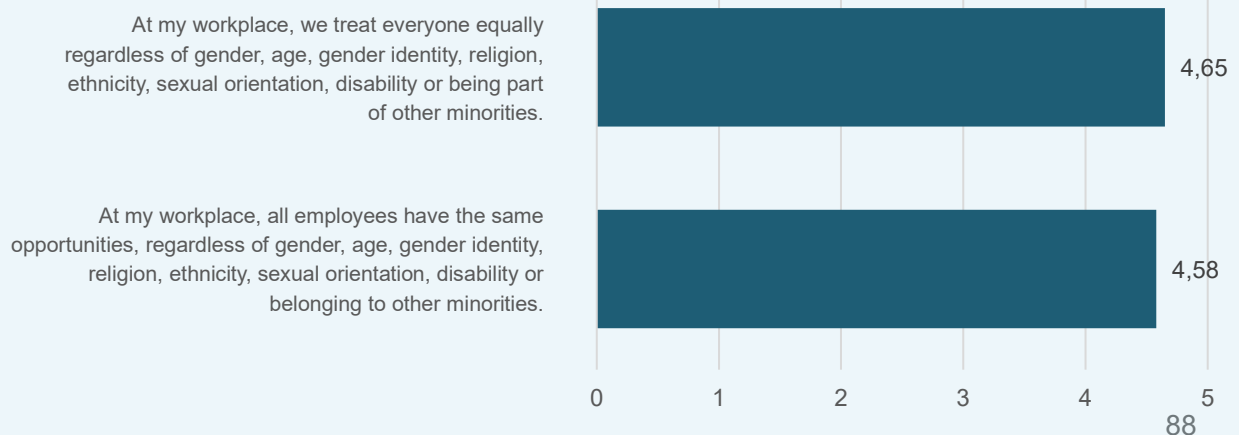
Småkraft's employees have the right to organise as they wish and have confidential reporting channels.

Any incidents and deviations are reported through our deviation and notification system. Småkraft has guidelines for reporting objectionable conditions. It is specified that employees can report to their immediate manager, superior, shop steward, safety representative or other channels. Småkraft has both internal reporting procedures and notification systems at the bottom of our website for reporting incidents. The reports are treated confidentially, followed up within a reasonable time and reported directly to the head of our control committee, and they are not made available to others in the company.

The confidential handling of reports is ensured through the available whistle-blowing channel on Småkraft's website. These notifications go directly to the head of the company's audit committee without the company's management or other employees having access to the reports.

From the 2024 employee survey

On a scale from 0 to 5



S3 – Affected communities

Småkraft's business model depends on good dialogue with local communities. When developing renewable energy, we are committed to always involving and engaging in dialogue with local communities in cases where our activities may impact their rights or advance their interests. For us, the local people are important partners in the green shift, and they possess valuable knowledge, experience and insight that can contribute to more sustainable solutions and reduce climate change. Our goal is to minimise negative impact and it is important for us to contribute to positive impact through, among other things, property taxes and property taxes.

Impacts	Risks and opportunities
The economic, social and cultural rights of the local community	
P Payment of property tax and estate tax	
Indigenous and tribal peoples' rights	
N The regulation of water reservoirs can make travel difficult for indigenous people who use the areas for moving grazing animals.	

P Positive impact **N** Negative impact **O** Opportunity **R** Risk

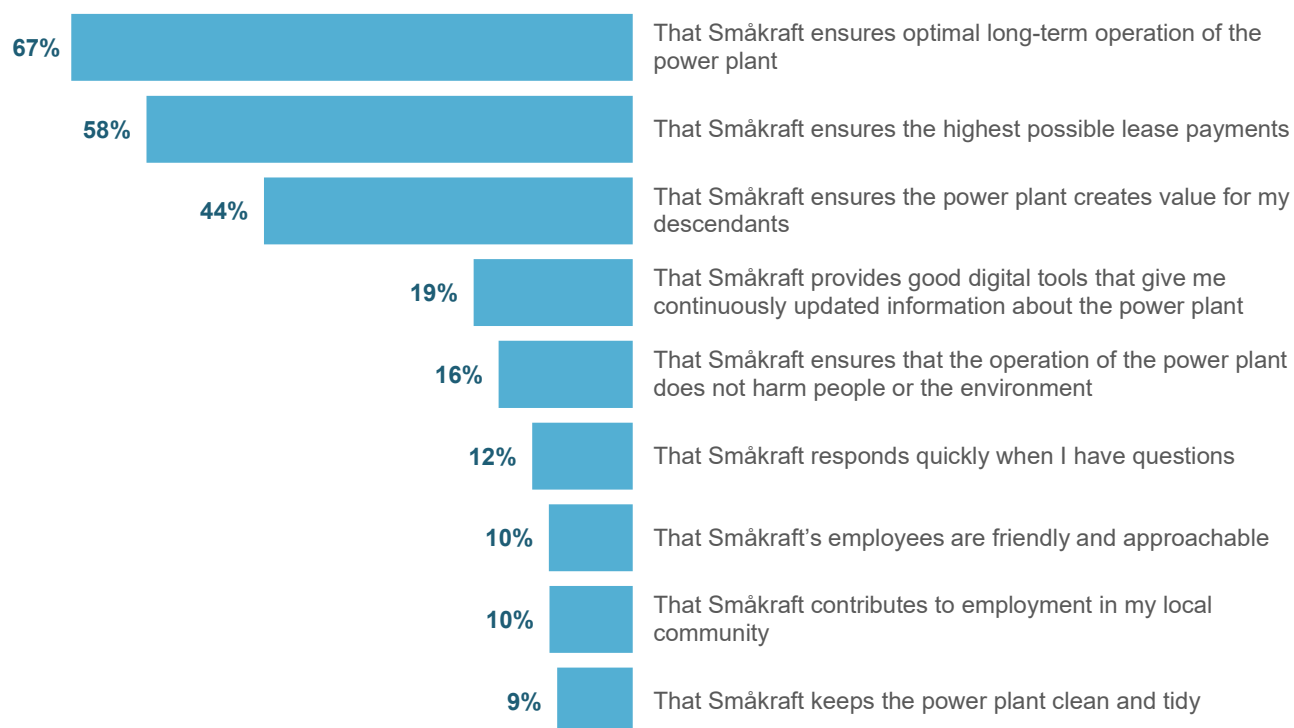
How does Småkraft work with affected local communities?

Småkraft produces renewable power with the goal of creating value for future generations through interactions with local communities and the natural environment. Småkraft works in partnership with landowners and uses local contractors and operators to the greatest extent possible.

Småkraft's business model has common interests with those living in the areas around the power plants. Long-term lease agreements are entered into with the landowners. Småkraft contributes expertise and capital to building the power plant and builds bridges between the landowners, capital and expertise. Any profits from the power plants are distributed over an agreed lease period, before the power plant is returned once the lease period expires.

Småkraft and local communities have many win-win effects. A number of tasks still need to be physically performed at the power plant. To implement this, we have local supervisors, often landowners, working at the power plant. They live near the plant, can quickly respond and get to the plant, and have good knowledge of important local conditions. Småkraft's central team trains the operators and transfers its expertise to ensure safety. Interactions between the operations centre, Småkraft's operations department with its competent employees, and local operators creates an efficient organisation that can get as much energy as possible from our power plants.

What is important to our landowners and the local community?



Grazing areas and indigenous populations will be affected

Hydropower plants may have some negative consequences for people who live in communities in the same locations. The river's water flow is affected when the power plant is producing energy. This could have negative consequences for tourism, outdoor activities and recreation, alongside the biological aspects. A power plant and its installations can represent visual pollution. Access to parts of the area where the power plant is located will be restricted.

Småkraft owns and builds facilities that in part affect grazing areas where we may come into conflict with, for example, reindeer grazing districts. This can have negative impacts on both people and animals.

Direct payments from Småkraft to Norwegian municipalities

For Småkraft, it is important that the company's positive impacts in the form of value creation that result from interventions in the environment interact with and are shared with the local community. This is a key element in the UN's Sustainable Development Goal no. 11 "Sustainable Cities and Communities". Småkraft's model ensures that large parts of the value creation from a small power plant are local. Energy that is created is important in a global context. The investments being made are from a generational perspective, and we depend on having common interests with the local community around the power plant.

Policies

Småkraft follows up on the licensing conditions for its power plants, including requirements for minimum water flow and other environmental considerations. See Chapter 2 - E4 - for more details. In addition, Småkraft has emergency plans and notification routines for local communities in the event of a dam failure or critical incidents.

Småkraft also complies with current regulations in relation to the Nature Diversity Act, the Planning and Building Act, the Dam Safety Regulation, supervision from the NVE and more, which also requires us to take nature, the environment and local communities into account.

Goals and measures

Småkraft aims to minimise its encroachment on natural habitats and is committed to limiting these negative consequences. In addition, Småkraft has a goal of sharing value creation with local communities.

Measures to limit negative impacts

Småkraft has implemented several measures to limit the negative impacts the company may have on people, the environment and the local community where the power plants are located.

Licensing provisions

The most important measure Småkraft takes is to follow up on licensing regulations and ensure that the power plants fit well into the environment of which they are a part.

Concession processes ensure transparency and local participation before development. When Småkraft plans new power plants, it will involve all possible stakeholders in dialogue meetings and public consultations in line with the requirements of the licensing

processes. Småkraft places particular emphasis on the feedback of involved landowners, since landowners are those who are most affected by new power plants. Once the power plants have been built, Småkraft follows up landowners through daily communication with the operators at each individual power plant and through surveys/interviews with landowners. Småkraft analyses the feedback and incorporates relevant feedback into our strategic and operational work.

The Nature Diversity Act and the Planning and Building Act also require that nature, the environment and local communities be taken into account.

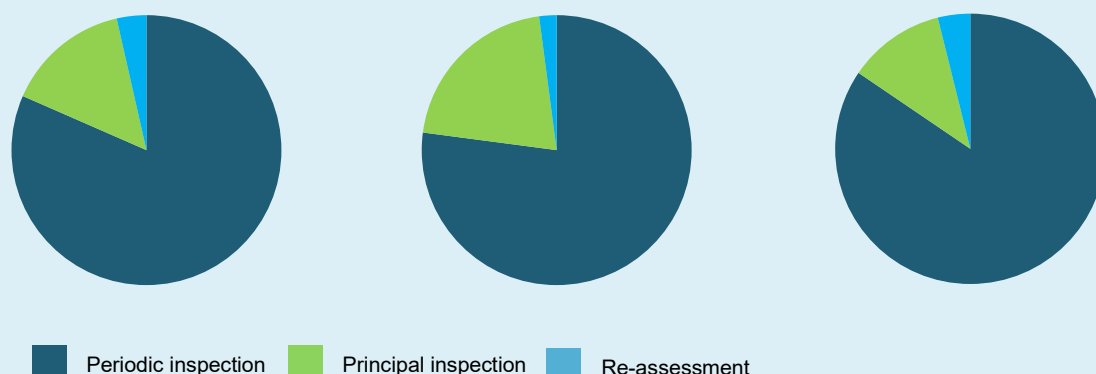
Dam safety

Småkraft AS is responsible for ensuring that our facilities comply with our own and the authorities' requirements on public safety. This implies that our installations on watercourses must be safe, and that we shall prevent injuries to people and damage to the environment and to property. We assess risk and categorise all power plants in different risk categories based on the risk of injury to persons and damage to infrastructure, the environment and property.

All relevant requirements and subject areas in regulations shall be followed during the planning, engineering, construction and re-assessment of all plants. This also applies to operation and monitoring of the power plants. Småkraft AS employs and contracts skilled personnel qualified to satisfy such requirements.

Småkraft AS inspections use internal requirements and also follow stringent requirements set by public authorities with respect to both content and frequency. We re-assess classified installations every 15 or 20 years, entailing a full safety-related review of the installations in accordance with prevailing regulations.

VTA inspection



Monitoring of grazing areas

In areas where Småkraft owns and builds facilities that affect grazing areas, the company seeks to contact representatives of relevant reindeer grazing districts early in the process, and preferably before we apply for a license. In this way, we seek to have good and constructive dialogue with the local community and find the best possible solutions for both parties. As a rule, conditions are given both in concessions and in decisions on approval of detailed plans for the environment and landscape that specify how we as concessionaires should relate to reindeer herding. There may, for example, be restrictions on construction time, a duty to notify, or the placement of fences.

Despite such measures, some negative consequences of a power plant are inevitable for a local community.

	2024	2023	2022	2021
Physically or economically displaced inhabitants	0	0	0	0

Measures to contribute to positive impacts

Småkraft also has several positive impacts and measures as a result of these. We are continuously seeking to build positive relationships with local communities by contributing to their economic development and supporting local initiatives. For Småkraft, it is important to share value creation with the local community. This means that those who bear the negative consequences of a small-scale power plant should also benefit from its positive effects. Our operating procedure and management models ensure that large parts of the value creation from a small-scale power plant are local. Thema Consulting Group's analysis of the social benefits in the small-scale power industry from 2017 showed that a normal small-scale power plant creates an average of NOK 13.5 million in ripple effects locally, and a further NOK 13.2 million in spin-off effects nationally. We have initiated work through Småkraftforeningen (small-scale power association) and updated figures will be shared in next year's sustainability report.

In addition, the property tax Småkraft pays goes to social welfare and initiatives in local municipalities.

In 2024, Småkraft made direct payments of more than NOK 1.6 billion to municipalities throughout Norway through its investments, maintenance, operations, tax payments and waterfall lease payments.

These payments have been spread throughout the country, with a clear

preponderance of rural municipalities. The payments will result in major ripple effects in the municipalities where we are present with our small-scale power plants.

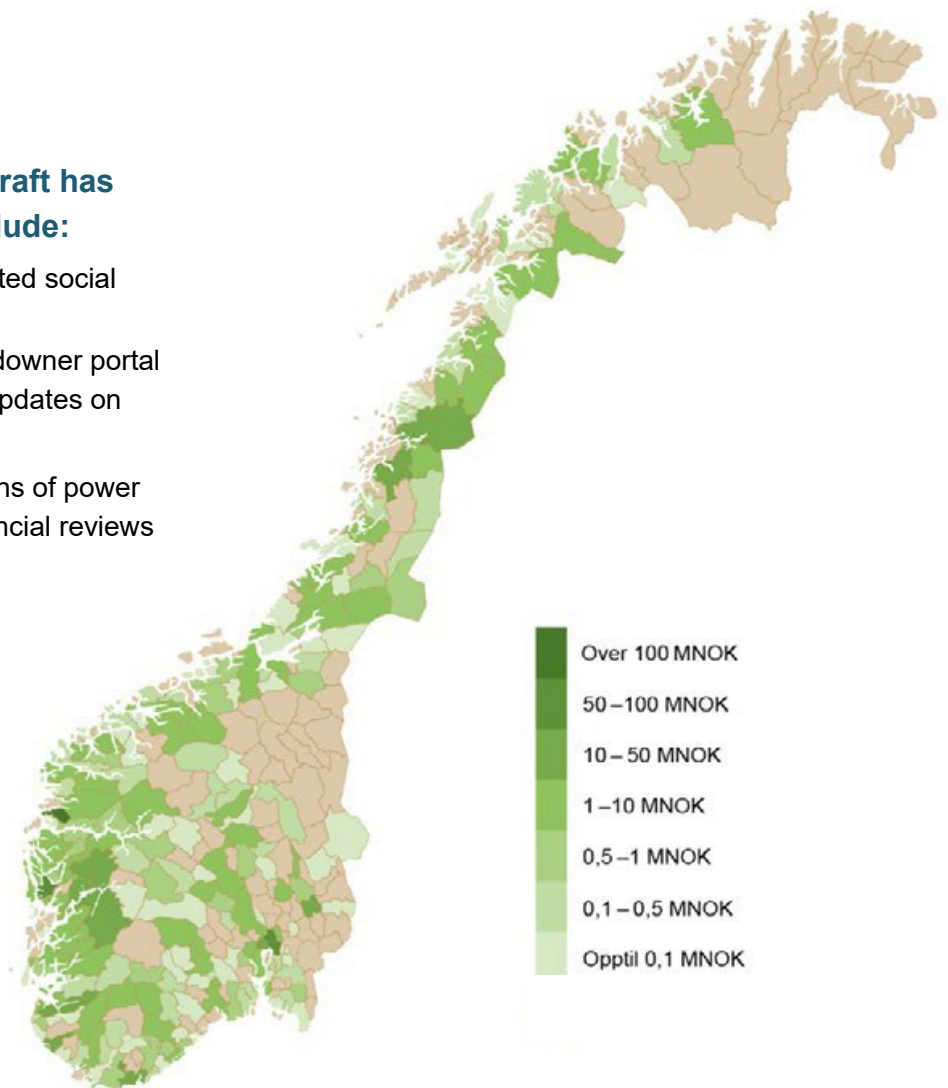


“Småkraft will, by virtue of its operations, have a negative impact on local conditions. For us as landowners, it is important that assessment of such consequences is addressed seriously. Småkraft carries out such assessments and does so thoroughly, and they are very much aware of their responsibilities. It is also important that those landowners who are most affected by the negative consequences also benefit from a share of value creation. We believe this is the very core of Småkraft’s model.”

Andreas Råheim, landowner

Specific measures Småkraft has implemented in 2024 include:

- Financial support for selected social initiatives.
- Further developed the landowner portal that provides continuous updates on production in Småkraft.
- Participated in inaugurations of power plants and carried out financial reviews directly with landowners.



	2024	2023	2022	2021	Source/Explanation
Property tax paid to host municipality (tNOK)	37 900	36 618	29 484	24 920	Annual report
Waterfall lease paid to landowners (tNOK)	73 307	42 654	183 141	49 000	Annual report

Rysna: A powerful effort for the community

The Rysna river flows into Begna below Øylo in Vang municipality in Oppland, Inland county. This stretch of river affected by the Rysna Power Plant is difficult to spot unless you look for it. It runs in a deep and inhospitable gorge, and parts of the terrain in the area are dense. The idea of having a power plant in a section of Rysna arose in the early 2000s. The six landowners in the area decided to see if they could realise their wish to utilise the resource belonging to their farms, while simultaneously providing green energy to the local community through a hydropower plant.

Eli Belsheim is one of six landowners along the relevant stretch of Rysna, and is the spokesperson and leader of the landowners' association. She describes a lengthy licensing process, which had a positive outcome. Construction started the day before the concession expired, due to changes in the application process, but with strong enthusiasm and cooperation, it was possible to complete it at the last minute. "The process for developing the power plant has been lengthy, but it has contributed positively to the village in several ways," she says.

Today, the Rysna power plant provides clean, renewable and local electricity, sufficient for 525 households. The power plant is important for landowners by strengthening the income base of individual farms, while also providing green energy to the village. This shows how small communities can contribute to a greener future through joint efforts by landowners and their collaborative partners. Local contractors play an important role when it comes to the development of power plants, which was also the case in Rysna. This helps to strengthen the local community financially. Today, landowners can be proud of the sustainable value creation they have achieved.

"The electricity produced by the power plant is used locally and gives us a feeling of short-distance, renewable energy. This is beneficial for the village," says Eli.

Eli believes that this was realised due to Småkraft's role as a developer and the agreement to lease the fall rights from the landowners. "Collaboration with Småkraft has been successful. The landowners have experienced the project as positive, with Småkraft as an accessible and helpful partner."





Governance

G1 Business conduct

G1 – Business conduct

Good business practices and ethically sound operations are Småkraft's "licence to operate". We are committed to maintaining high standards in all our activities for our stakeholders and partners. It is also fundamental for sustainable value creation. For Småkraft, it is important to maintain transparency and openness in order to, among other things, have access to capital. Included in the chapter the topics Corruption and bribery and Supplier management.

Impacts	Risks and opportunities
Corruption and bribery	
	R Reputational risk, loss of trust, will not have access to capital
Managing relationships with suppliers	
	O Access to capital through ethical business model
Business culture	
	O Through ethical business culture, the possibility of attracting the right expertise increases

P Positive impact **N** Negative impact **O** Opportunity **R** Risk

Småkraft has identified that there is a risk to access capital from investors or banks if Småkraft does not deliver on good business conduct, anti-corruption and transparency. In the stakeholder dialogue, the banks were particularly clear on the importance of this. Credit institutions, in particular, are concerned about the risk of loss of reputation.

How does Småkraft work with business conduct?

Ethical behaviour and transparency

Respect for employees, suppliers and partners is a fundamental value in Småkraft. Our code of conduct forms the basis for the company's work, whether this concerns the treatment of its own employees, suppliers or partners.

Ethical business is about doing the right thing. We must make morally correct decisions in major strategic directions. Our employees must make the right choices in all the smaller decisions they encounter each day.

Third parties

Småkraft also intends to ensure local value creation from all our power plants to the extent this is possible. This is specifically done through the establishment of operator agreements with local landowners, the use of local contractors for repairs and upgrade projects, and smaller sponsorship agreements with local sports clubs and organisations.

We make a living from creating and sharing resources that many people have interests in. For us, it is fundamental that we act transparently with landowners, suppliers, authorities, investors and creditors. We share information about the choices we make and about our perspectives, as long as this is not in direct breach of privacy regulations or that it affects our competitive strengths. Transparency is crucial in order for other stakeholders to understand the reasons behind our decisions, even though they may not always agree with all our decisions.

Anti-corruption

Doing the right thing means honouring the agreements we make, contributing to an efficient market and limiting negative market conduct and the exploitation of positions. Småkraft has implemented internal control

measures to reduce the potential for fraud or misconduct. Capital from investors or creditors is dependent on the company delivering on good business conduct, anti-corruption and transparency. In the stakeholder dialogue, the banks were particularly clear on the importance of this.

Småkraft has not registered any corruption involving the company, employees or partners.

Småkraft has routines for the purchase of goods and services from close associates. Such purchases follow a separate process with expanded procedures for approval.

During 2024, Småkraft has experienced several smaller attempts at "CEO fraud" and the like. So far, we have not registered any attempts at fraud that have not been detected through our security mechanisms, or through those of our partners. Småkraft has implemented a number of security mechanisms to protect against fraud and cyber-attacks.

Competition

Småkraft AS is the largest actor in the Norwegian segment for small-scale hydropower plants, with a substantial share of the total number of small-scale hydropower plants in Norway. On our markets, inappropriate market behaviour relates particularly to acquisitions and landowner relationships.

Policies

Småkraft is committed to complying with all applicable laws and regulations, including environmental and safety regulations. The company will not engage in any activity in violation of laws, or that may harm the environment, public health, or safety. This is further described in the Quality Handbook.

Ethical guidelines are an important part of the company's governance and management. These guidelines are intended to ensure responsible and sustainable conduct among everyone at Småkraft.

Furthermore, the company is committed to conducting its business with honesty, integrity and transparency. We will not engage in corrupt or unethical practices, and we will maintain accurate and complete records of all transactions. Småkraft also ensures that business partners and suppliers share a similar commitment to ethical business practices.

Goals and measures

Småkraft is committed to ethical and responsible business operations. We are therefore committed to transparency towards our stakeholders.

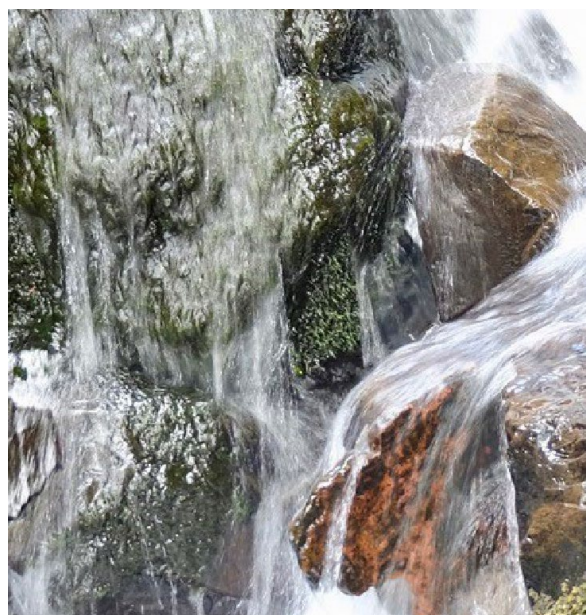
To ensure good business practices, we have continued and initiated several measures.

Robust internal control measures have been introduced to minimise the risk of fraud or misconduct ("four eyes" principle) in connection with the exercise of the proxy matrix. Småkraft also has good reporting procedures in place, which are also accessible on our website.

The company is also committed to transparency in relation to its own employees, landowners and other stakeholders. In our daily communication with our landowners, we always aim for a transparent flow of information and take continuous actions to improve the flow of information to our stakeholders. The company reports semi-annual financial statements to banks, bondholders and investors. The reports are published on our website. Småkraft's sustainability report is reported annually and is also shared with stakeholders. In addition, Småkraft produces a monthly report to closely monitor goals, strategies and results.

We expect our suppliers to be transparent with Småkraft, and we contact many of our suppliers annually for follow-up on the Transparency Act. With respect to anti-corruption, Småkraft has clear and stringent guidelines for the conduct of our suppliers, particularly in terms of social conditions. When entering into agreements with suppliers, part of the agreement states that they must comply with our code of conduct.

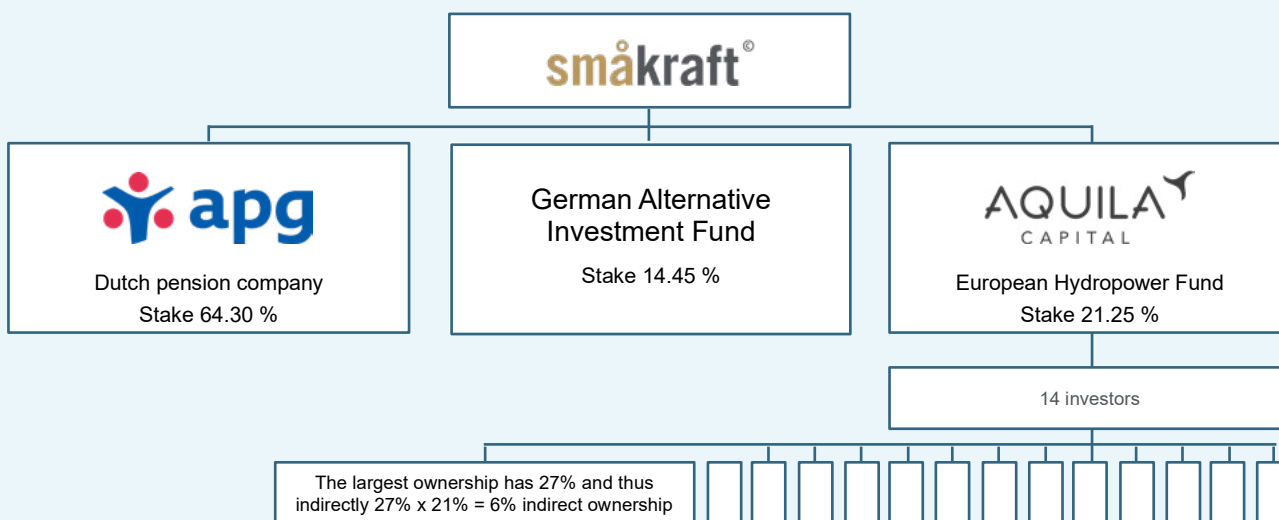
Småkraft always has established guidelines when it comes to competitors. We work for equal treatment of landowners and other stakeholders in acquisition situations. This is how we ensure fair competition. The company has not registered any fines or other restrictions because of violations of laws and regulations that include anti-competitive conduct within the group. Småkraft is not an active player in relation to politics and political decisions but promotes issues based on facts through the Småkraftforeningen, which promotes the industry's interests towards public authorities and ensures interaction between the players. This is an important body that is founded on the same set of values that Småkraft represents, with strong ties to the local community and sustainable use of our water resources.





Småkraft understands that taking the lead comes with responsibility. They recognise this, and they conduct themselves well. Småkraft also focuses on sharing. And they contribute with things that benefit other actors, such as research on how climate change can affect small-scale hydropower production, tax assessments or issues relating to grid connection.

Stakeholder in the small-scale hydropower industry



Ownership

Småkraft AS is owned by European institutional investors who want to invest in renewable and sustainable infrastructure with an investment horizon of several decades. Strong and long-term owners have been and continues to be important to Småkraft's future growth strategy.

APG

APG is the largest provider of pensions in the Netherlands. About one in four families in the Netherlands has a pension linked to APG. APG makes many different types of investments in different sectors. In total, APG manages investments of around 616 billion Euro. APG's investment in Småkraft AS is approximately 64 % of the company, and this stake is managed by Aquila Capital. This ownership structure is domiciled in the Netherlands, where APG is also domiciled.

German Alternative Investment Fund

Aquila Capital has introduced a fund that offers institutional investors the opportunity to invest in hydropower in various European countries. A fund can be described as a basket of investments, or as a collective investment where many investors jointly place their money into one or more investments. The fund that invested in Småkraft is based in Germany. Currently, a group of investors has invested in the fund. The group is a German insurance company.

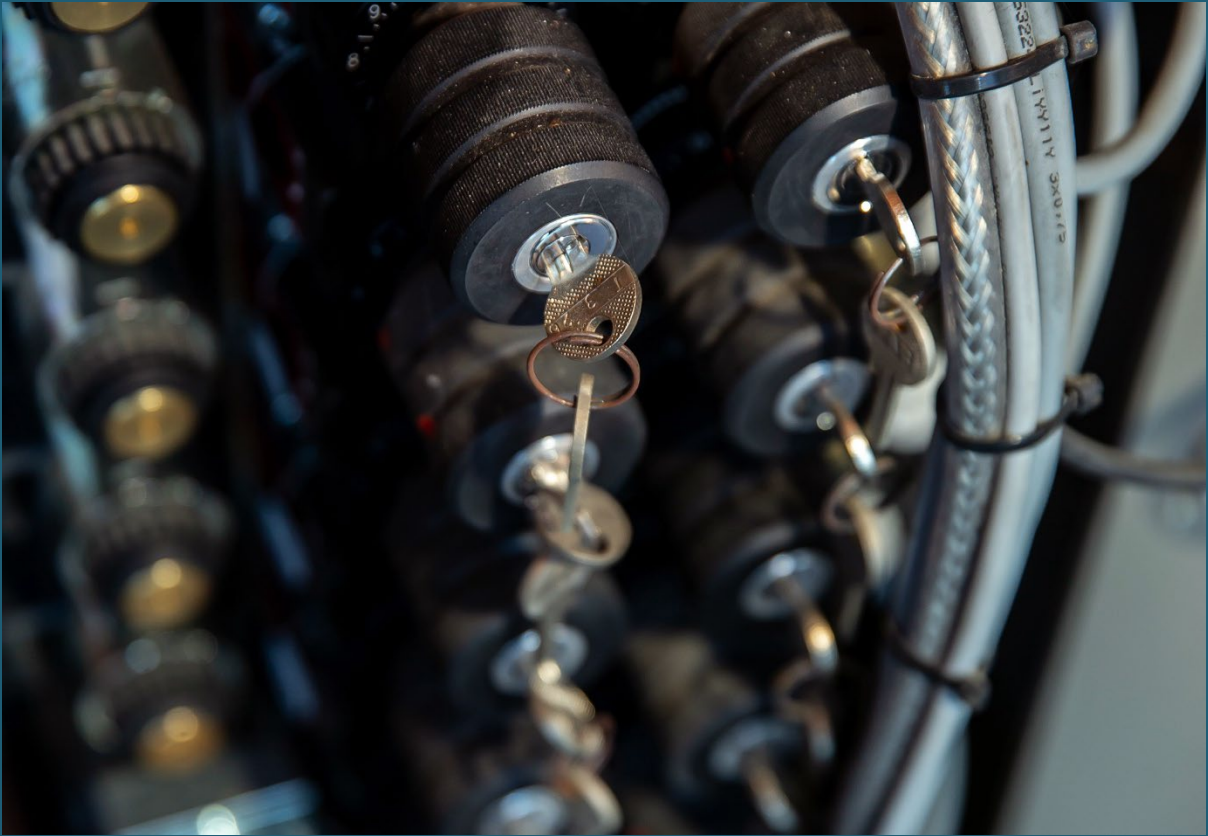
European Hydropower Fund

Aquila Capital has also set up a fund for institutional investors to have the opportunity to invest in hydropower in various countries in Europe. A fund can be described as a basket of investments, or as a collective investment where many investors or savers come together to place their money into one or more investments.

The fund that has invested in Småkraft is called the European Hydropower Fund and is domiciled in Luxembourg. The reason the fund is located in Luxembourg is that the fund has investments in several countries and investors from several countries. The fund has investments in Norway and Portugal. Currently, fourteen investors have invested in the fund. The investors come from Germany, Italy and the Netherlands. The largest investor in the fund is a German insurance company with a 27 % stake. This insurance company thus has an indirect ownership stake in Småkraft AS of just over 6 %. The thirteen other investors include insurance companies, pension companies that manage pensions for doctors and auditors, and church foundations.

Small-scale power shows the way in sustainability reporting. The reports become better each year, and are used by other small-scale power actors as examples of best practice.

Key actor in the small-scale power industry in Norway



Appendix

ESRS Index

Obligatory items

ESRS requirement	Title of requirement	ESRS chapter	Page(s)	Comment
ESRS 2 BP-1	General basis for preparation of the sustainability statement	General Disclosures	13-18	
ESRS 2 BP-2	Disclosures in relation to specific circumstances	General Disclosures	13-18	
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	General Disclosures	15-18	
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	General Disclosures	15-18	
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	General Disclosures	15	
ESRS 2 GOV-4	Statements of due diligence	General Disclosures	21-23	
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	General Disclosures	24	
ESRS 2 SBM-1	Strategy, business model and value chain	General Disclosures	19	
ESRS 2 SBM-2	Interests and views of stakeholders	General Disclosures	25-26	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	General Disclosures	31-34	
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General Disclosures	28-30	
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	General Disclosures	104-106	
E1-1	Transition plan for climate change mitigation	Climate change		Not yet established
E1-2	Policies to mitigate and adapt to climate change	Climate change		To be further integrated into strategic and governance documents
E1-3	Actions and resources related to climate change policies	Climate change		To be further integrated into strategic and governance documents
E1-4	Targets related to climate change mitigation and adaptation	Climate change	42 & 44	
E1-5	Energy consumption and mix	Climate change	53-55	
E1-6	Gross Scopes 1, 2, 3, and total GHG emissions	Climate change	42	
E1-7	GHG removals and mitigation projects financed through carbon credits	Climate change	53-55	
E2-1	Policies related to pollution	Pollution		To be further integrated into strategic and governance documents
E2-2	Actions and resources related to pollution	Pollution	57	

E2-3	Targets related to pollution	Pollution	57	
E2-4	Pollution of air, water, and soil	Pollution	53	
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Biodiveristy and Ecosystem		Transition plan not yet established
E4-2	Policies related to biodiversity and ecosystems	Biodiveristy and Ecosystem	69	
E4-3	Actions and resources related to biodiversity and ecosystems	Biodiveristy and Ecosystem	69-71	
E4-4	Targets related to biodiversity and ecosystems	Biodiveristy and Ecosystem	69-71	
E4-5	Impact metrics related to biodiversity and ecosystems change	Biodiveristy and Ecosystem		Not yet established
S1-1	Policies related to own workforce	Own Workforce		To be further integrated into strategic and governance documents
S1-2	Processes for engaging with own workforce regarding impacts	Own Workforce	81	
S1-3	Channels for own workforce to raise concerns	Own Workforce	81	
S1-4	Taking action on material impacts on own workforce and effectiveness of those actions	Own Workforce	83	
S1-5	Targets related to managing material impacts on own workforce	Own Workforce	83	
S1-6	Characteristics of the undertaking's own employees	Own Workforce	87	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Own Workforce	86-87	
S1-9	Work-life balance	Own Workforce	86	
S1-10	Adequate wages	Own Workforce	86	
S1-11	Social protection	Own Workforce	88	
S1-12	Equal treatment and opportunities for all	Own Workforce	85.86	
S1-13	Training and skills development	Own Workforce	88	
S1-14	Health and safety	Own Workforce	82	
S1-15	Work-related ill health	Own Workforce	82	
S1-16	Equal pay for equal work	Own Workforce	86 & 15	
S3-1	Policies related to affected communities	Affected Communities	91	
S3-2	Processes for engaging with affected communities about impacts	Affected Communities	89	
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	Affected Communities	89-90	
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	Affected Communities	92-93	

S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Affected Communities	92-93	
G1-1	Business conduct policies and corporate culture	Business Conduct	98-99	Policies
G1-2	Management of relationships with suppliers	Business Conduct	98-99	Topic is included in the assessments under GOV-5
G1-3	Prevention and detection of corruption and bribery	Business Conduct	98	
G1-4	Confirmed incidents of corruption or bribery	Business Conduct	98	
G1-5	Political influence and lobbying activities	Business Conduct		Underlying topic is not considered material

Task force on climate-related financial disclosures (TCFD)

TCFD recommendations	Page number
Governance	
a) Describe the Board's oversight of climate-related risks and opportunities.	15-16
b) Describe management's role in assessing and managing climate-related risks and opportunities.	15-16
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	31-33
b) Describe the impact of climate-related risks and opportunities on the organisation's strategy and financial planning.	31-33
c) Describe the potential significance of different scenarios on the organisation's strategy and financial planning.	31-33
Risk management	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	28-30
b) Describe the organisation's processes for managing climate-related risks.	24
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	24
Metrics and targets	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	104-106
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	42
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	104-106

EU Taxonomy Regulation for sustainable investments, EU2019/2088

EU Taxonomy – cross references	Page number
Småkraft's significant contribution to reducing greenhouse gas emissions	
By using Småkraft's delivery of renewable energy, we reduce society's emissions CO2.	50
This standard requires power plants with reservoirs to either have a power density per appropriated land area over 5W/m ² , or lifetime emissions of CO ₂ under 100g/kWh. For all Småkraft power plants with reservoirs, the power density has been calculated, and for power plants with a power density below the requirement, the lifetime emissions have been calculated. All power plants with reservoirs with a power density that is too low has fallen outside the requirement for lifetime emissions.	74-76
The conclusion is therefore that all of Småkraft's power plants make a significant contribution to reducing greenhouse gas emissions.	
Climate change adaptation and sustainability, pollution prevention and protection of the ecosystem	
The requirement here is that a 'robust' climate risk and vulnerability analysis must be performed, and measures must be implemented to reduce the risk identified by the analysis.	38-48
For licensed watercourses in Norway, the requirements comply with the Norwegian Dam Safety Regulations and the Water Resources Act. As a concessionaire, Småkraft is required to follow up in accordance with the consequence classification of the licenses. NVE has a responsibility to follow up Småkraft's power plants, based on the requirements. The requirements in accordance with this legislation are documented and enable us to meet the requirements imposed by the Taxonomy.	
Watercourses in Norway that are exempt from licenses are treated in accordance with the Norwegian Planning and Building Act, and power plants with a consequence classification above 0 are followed up in the same manner as for licensed power plants in accordance with the Dam Safety Regulations. Local municipalities have follow-up responsibility for both the construction and operation of power plants that are exempt from licensing and the consequence classification 0. The requirements in accordance with this legislation are documented and enable us to meet the requirements imposed by the Taxonomy.	
The Board of Directors and management of Småkraft are concerned with how climate change will impact the company's business and have assessed this as part of the risk management in the company.	15-16
The development and operation of small-scale hydropower plants require interventions in nature by occupying areas of land and water. Småkraft is subject to strict regulatory licensing requirements and is also required to carry out regular inspections with the use of qualified personnel. In addition, NVE performs sporadic inspections of our facilities to verify conditions and check that mandatory work processes are in place.	53,64-66,71
Small-scale power production requires a minimal use of pollutants and materials. The power plants are designed so that any leaks from lubricants or coolants are collected in the stations and do not cause emissions.	56
The production of small-scale hydropower does not result in emissions to air. Ecosystem impacts are therefore limited to waterfalls.	55
Requirements for social standards	
In addition to the environmental requirements, the Taxonomy also has requirements for social standards and follow-up of human rights.	80-88
Småkraft AS undertakes to respect and act in accordance with external and internal requirements for human rights and social responsibility for employees, suppliers / partners, and persons staying in or at our facilities.	
Work on human rights is organised in accordance with EU Human Rights Guidelines.	



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