Cloudberry

Sustainability report 2020

Cloudberry Clean Energy AS

Cloudberry is a Nordic renewable energy company

We own, develop and operate wind farms and hydropower plants across the Nordics. Our purpose is to provide renewable energy for future generations, and contribute to a long-term sustainable society, whilst creating value for our stakeholders. We believe in the fundamental long-term demand for renewable energy in the Nordics and Europe.

Sustainability

As a developer and owner of renewable assets, sustainability is at the core of Cloudberry's business. Our purpose is to provide renewable energy for future generations and our long-term success is linked to operating our business in a sustainable way.

The development of new renewable capacity contributes to the necessary energy transition, European and national climate targets and the UN Sustainable Development Goals (SDGs). Cloudberry`s business contributes to the realisation of several of the multiple UN Sustainability Development Goals:

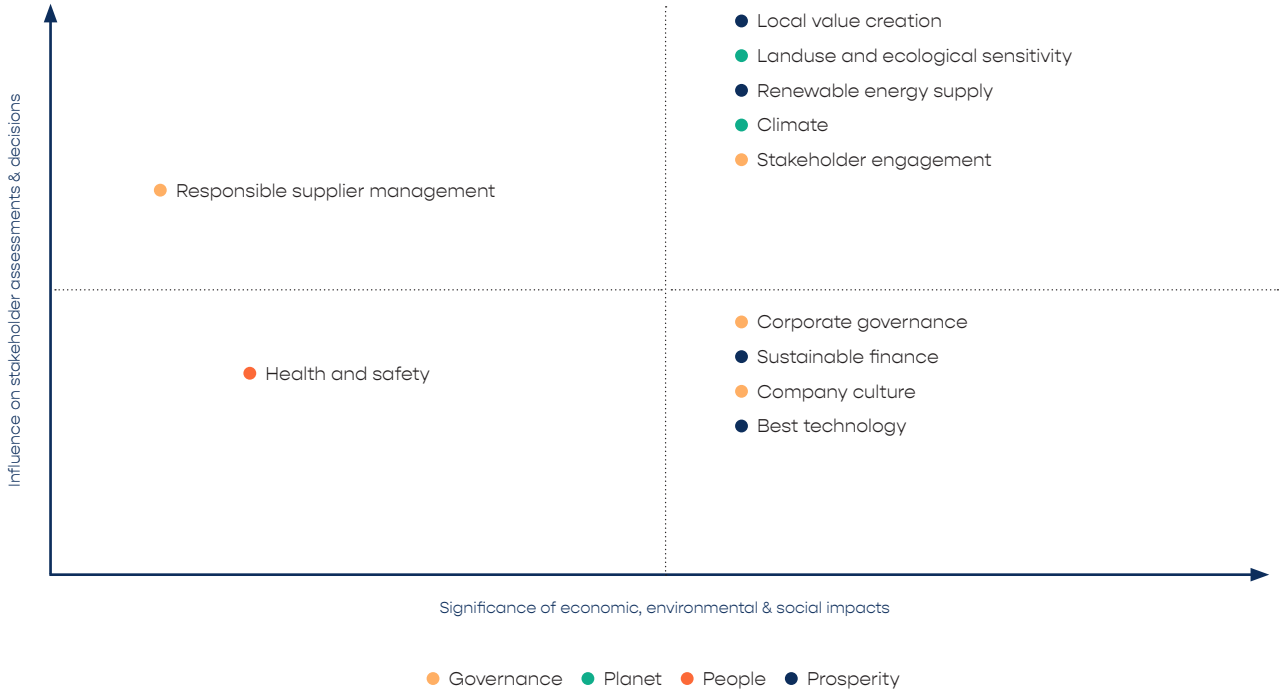
- Goal 7 Affordable and clean energy
- Goal 9 Industry, innovation and infrastructure
- Goal 11 Sustainable cities and communities
- Goal 12 Responsible consumption and production
- Goal 13 Climate action

Through our materiality assessment and analysis of the underlying targets that are relevant to Cloudberry and our stakeholders, we are reassessing our approach to support the UN Sustainability Development Goals and aim to further strengthen our ambitions in 2021.

Even though our business is sustainable by nature, our activities may to some extent negatively impact people, communities and environment. Developing new renewable assets is essential to reduce the global CO_2 emissions. Construction and production do have an impact on biodiversity, land use areas and individuals' interests. Cloudberry is aware of the risks and seeks to understand and evaluate all aspects. We recognise the need to continuously evolve our approach to sustainability and how to conduct our business with regards to our impact on environmental, social and governmental aspects. Cloudberry`s sustainability management has been significantly strengthened in 2020.

In 2020 the company conducted an assessment based upon input from key stakeholders. To ensure alignment with best practice, a specialist sustainability consultancy was assigned. Considerable efforts were made to identify the sustainability topics in our value chain that are material for Cloudberry and our key stakeholders such as authorities, suppliers, landowners and neighbours in addition to financial institutions and investors. The work involved an assessment of macro trends, as well as a benchmark against peers and leaders. Confirming alignment with the expectations of our external stakeholders is pivotal to Cloudberry.

The report was presented to the Board of Directors and its findings were discussed and prioritised in several workshops. The results will provide the basis for our continuous work as Cloudberry continues to develop. This involves strengthening the sustainability strategy, governance and management structures, as well as determining additional KPIs.



The main topics are presented in this report and the matrix above gives an overview of the findings.

The topics in the top right corner are of most strategic importance to Cloudberry and we focus our reporting on the following:

- Local value creation
- Renewable energy supply
- Climate
- Land use and ecological sensitivity
- Stakeholder engagement

In addition, corporate governance, sustainable finance, company culture, best technology and responsible supplier management were identified as important matters for our stakeholders and Cloudberry. Health and safety are of uppermost importance in the supply chain, where Cloudberry has less direct influence. Nevertheless, Cloudberry has a strong focus on the topic and demands our contractors to safeguard this. Please see a closer description of our health and safety management under “People” in this section.

Climate change and renewable energy supply are particularly important to us as this is at the core of Cloudberry’s purpose. We have assessed our climate related financial risks and opportunities in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

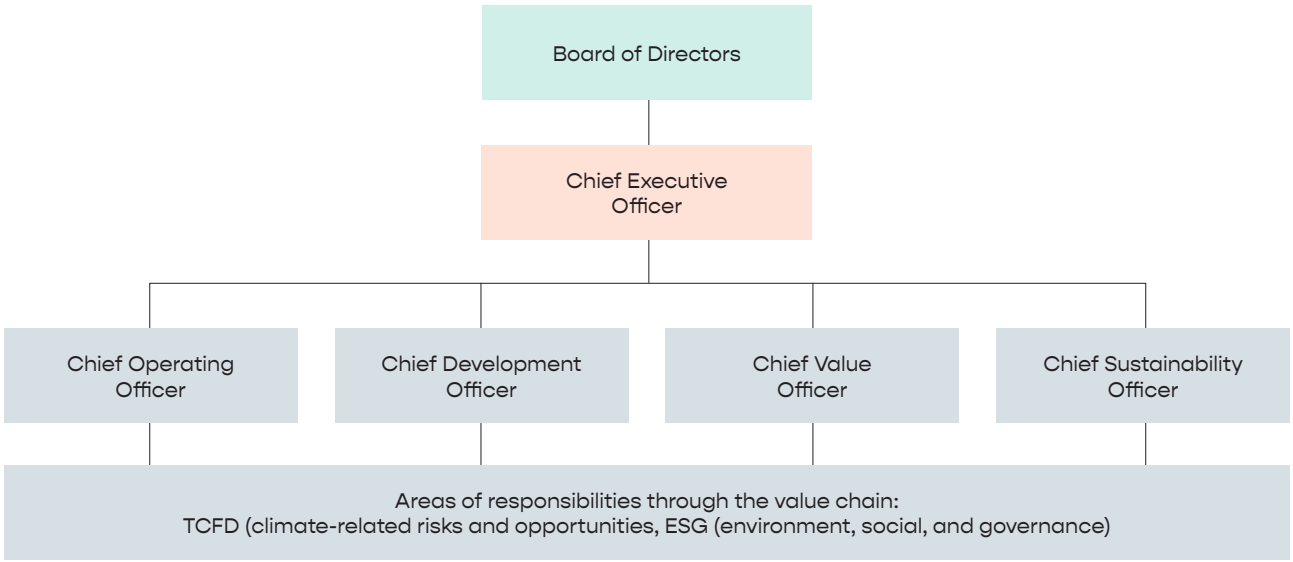
The reporting contains disclosures from the World Economic Forum (WEF) Stakeholder Capitalism’s core set of environmental, social and governance metrics, to the extent that they are material, and the information is available at the current stage of development of Cloudberry. The metrics have been organized into four pillars – Principles of Governance, Planet, People and Prosperity – which are aligned with the essential elements of the UN Sustainability Development Goals. In the following, we describe our approach, activities and the way forward related to the identified sustainability topics for the company according to these pillars.

Sustainability Governance

Corporate Governance

Our approach and activities

To achieve our purpose of providing renewable energy for future generations and creating value for our stakeholders and shareholders, an experienced and diverse Board of Directors is imperative. The



Board makes sure that sustainability remains as a key topic for Cloudberry and its management.

At the management level, the CEO monitors the implementation of the sustainability strategy and is responsible for ensuring that climate-related risks and opportunities are fully integrated into the company's long-term business strategy. The CEO oversees and reports to the Board of Directors on the management's progress related to Cloudberry's key strategic sustainability and climate-related objectives. At the operational level, the Chief Sustainability Officer is responsible for managing sustainability.

The activities in 2020 are described in the introduction above in this chapter. For further information on Cloudberry`s purpose, Board of Directors and corporate governance please see the "Corporate Governance" chapter.

Way forward

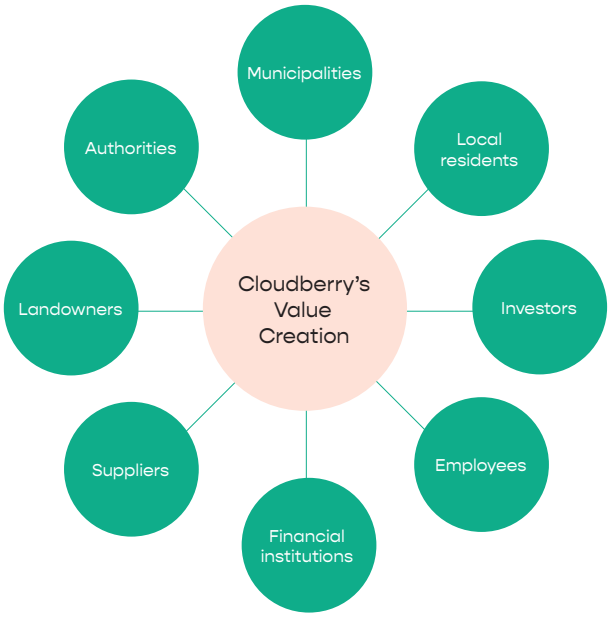
In the beginning of 2021, the Board of Directors will establish an environmental, social and governance committee (ESG-committee) consisting of two board members and the Chief Sustainability Officer. The committee`s mandate is to guide and support the company's work, anchor its commitment and ensure high standards on both strategic and operational levels within environmental, social and governance aspects.

Stakeholder engagement

Our approach

Our success depends on our ability to build trust amongst our stakeholders. It is essential that landowners lend their land to us, local communities have trust in us, people and partners want to work with us, and that investors and creditors value us. It is fundamental to the company to engage timely and openly with our stakeholders. The below illustration provides an overview of Cloudberry's key stakeholders:

Cloudberry's main stakeholders



For Cloudberry it is important to have local presence and to cooperate with regional banks understanding the society and context in which we are present. When exploring an opportunity, we evaluate landowner interest in having a producing power plant on their grounds, as well as identifying the local attitude towards such establishment. When the formal notification of a project is submitted to the authorities, public meetings are held with the local authorities to inform about the project and to identify any additional local needs that we may accommodate. Cloudberry facilitates access for individual residents to discuss any concerns they may have throughout the process.

Our activities

As part of the materiality assessment, an extensive stakeholder engagement was conducted. Numerous interviews were held with representatives of key stakeholder groups, ranging from local authorities, neighbours, landowners, suppliers, financial service providers and investors. The aim was to gain insight into Cloudberry's impact on them and their expectations of us. In addition, several in depth discussions and workshops were held with our internal stakeholders.

Below is an overview of our external stakeholder's expectations to Cloudberry:

External Stakeholders	Expected of the company	Areas for dialogue	Actions by the company
Landowners	Local value creation in terms of creating job opportunities, possible financial funds for locally initiatives, utilization of their forests, continuous information during the development and construction process.	Meetings with municipalities which local residents and landowners may attend, direct contact with the landowners.	Using local business partners when possible for construction, operations and maintenance. Established a fund to support teams and associations in local areas. Information letter to stakeholders involved locally on progress in projects.
Local residents	Preserve untouched nature, establish a fund that can be used for local initiatives, information flow helping them visualize the impact, fewer and smaller wind turbines.	Meetings for residents through consultation meetings locally, neighborhood meetings to communicate.	Using local business partners when possible for construction, operations and maintenance. Established a fund to support teams and associations in local areas. Information letter to stakeholders involved locally on progress in projects.
Municipalities	Energy supply locally, local value creation such as jobs on projects and infrastructure. Compensation to the local population as part of the development agreement. Open and informative dialogue with the affected population about progress in the development project. Minimize the environmental impact. Implement the authorities wind power plan.	Dialogue and meetings with the municipalities.	The development and production of wind and hydro power is highly regulated both in Norway and Sweden, with stringent environmental regulations. The company maintains a continuous dialogue with authorities and local stakeholders.
Authorities	Describe how the company affects nature and biodiversity. Positive when the company reports annually on environmental impact and carry out its own measurements e.g., on bird populations. Recommend that the company early enters into dialogue with the local community. Initiative for a fund to contribute to local culture and nature initiatives.	Dialogue and meetings with the authorities.	The development and production of wind and hydro power is highly regulated both in Norway and Sweden, with stringent environmental regulations. Thecompany maintains a continuous dialogue with authorities and local stakeholders.

External Stakeholders	Expected of the company	Areas for dialogue	Actions by the company
Suppliers	Focus on safety specifically and generallyon health, safety and environment. Report on waste management.	Regular meetings with partners and suppliers.	Construction meetings and health and safety management on site. Continue to update the company`s routines with regards to health and safety. Health and safety will also be addressed in the Supplier Code of Conduct. Waste management to be reported from 2021.
Investors	Measuring CO_2 emission, energy efficiency, life-cycle assessment and increasing environmental impact. Prioritize developing windfarms in industrial areas.	Meetings (digital) with investors and analysts, company presentations.	Reporting direct and indirect greenhouse gas emissions, compensating emissions by purchasing carbon credits, providing renewable energy and therefore reduce climate emissions, assess climate related financial risks and opportunities, focus to reduce the company`s impact environmentally.
Financial institutions	Ensure that suppliers and partners operate in line with the company's code of conduct. Focus on the company's emissions and HSE routines.	Meetings and presentations.	Beside reporting financially, the company is integrating environmental, social and governance in its reporting to highlight the focus on sustainability management in the company`s business strategy.

Way forward

Cloudberry`s business strategy is continuously evolving. In 2021 the Board of Directors together with the management will further strengthen the sustainability aspects, ensuring continuation of the integral part it plays in our business strategy. The work will include development of governance structures and management of key strategic sustainable and climate-related objectives.

Cloudberry will further systematize our ongoing engagement with our stakeholders. The input we receive will influence our sustainability framework going forward and be reflected in our strategic priorities.

Recently, the debate regarding wind power in Norway has become rather polarized with some stakeholders seeing them as important for the provision of renewable energy whilst others have increasing concerns regarding their visual and environmental impact. Cloudberry maintains close dialogue with our stakeholders to understand and address their concerns.

Company culture

Our approach

Cloudberry sets high ethical standards for everyone who acts on behalf of the company. In this way, we reduce business risk for both the company and the individual and safeguard the company's reputation.

Our activities

Cloudberry finalized its Code of Conduct with final approval by the Board of Directors in March 2021. The code sets out the key expectations to all employees and specifies the ethical requirements for everybody who works for and on behalf of Cloudberry, including suppliers and other business partners. It describes Cloudberry`s main principles on issues such as human and labour rights, health and safety, business ethics, legal compliance, insider trading and other relevant issues related to the company's operations amongst others. During 2020 Cloudberry has neither registered any incidents of corruption, nor discovered any incidents related to previous years where the company, employees or partners have been involved. The "Corporate Governance" chapter gives further information.

Way forward

The Code of Conduct will be fully implemented during 2021. Training sessions will be organised to ensure that all employees are familiar with, and adhere to, the Code and its business ethics. A specific whistleblowing mechanism will be implemented in 2021.

In our work with mapping the stakeholder engagement and materiality analysis, we identified responsible supplier management as an important topic for Cloudberry as we further develop and expand our activities. We expect our suppliers and business partners to follow ethical standards in line with our own and will develop a responsible Supplier Code of Conduct in 2021. The Code will include labour and human rights risks, health and safety, environment and climate and business ethics.

"In Cloudberry the representatives have high integrity and are eager to be transparent and engaging. This creates trust!"

A stakeholder's feedback from the external engagement process

Planet

The planet is at the basis of everything we do. Through our production of renewable energy, we positively impact the energy transition which addresses the climate crisis. At the same time, we impact the planet through the construction and production of our wind farms and hydropower plants. Whilst the former significantly outweighs the latter, it is important to us that we reduce our environmental footprint as much as possible.

Climate

Our approach

Climate change is at the core of Cloudberry's strategic positioning as a renewable energy company. We thereby contribute to the necessary energy transition. Yet, our activities have a carbon footprint which we are focusing on reducing. Furthermore, in the years to come, Cloudberry will strive to identify relevant metrics for measuring and managing climate-related risks and opportunities.

Our activities

In 2020, Cloudberry conducted an assessment of the potential financial impact of climate-related risks and opportunities. This initiated the process to adapt the company's reporting, in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We have identified and assessed climate-related risks and opportunities. The analysis recognized and defined three physical risks and ten transition risks, including regulatory and legal risks, technological risks, market risks, and reputational risks. All 13 risks were evaluated by the management in order to assess their likelihood of occurrence, time horizon, and potential financial impact. The risk assessment will be further developed in 2021. Going forward, we will also establish a standardized process for annual identification and assessment of climate-related risks, and their integration into our overall risk management.

Cloudberry has performed a preliminary internal assessment concerning the likelihood of occurrence. The financial impact is defined as low when less than NOK 10 million, medium when between NOK 10 and 100 million, and high when the financial impact is higher than NOK 100 million. Moreover, Cloudberry has defined a time horizon where short is within the next three years, medium spans from three to ten years, and long is more than ten years. The likelihood assessments, as well as the definition of financial impact and time horizon, are provisional and may be subject to change in the years to come due to further development and more accurate calculations based on scenario analysis.

Financial Impact	Low	Medium	High
NOK million	< 10	10-100	> 100

The matrix on the following pages provides an overview of Cloudberry's climate-related risks and opportunities, their defined likelihood of occurrence, financial impact, time horizon, as well as the company's plans for risk mitigation and opportunity realization:

TCFD		Risk	Like-lihood[1]	Financial Impact[2]	Time Horizon[3]	Description	Risk mitigation	Opportunity
Physical Risks and Opportunities	Both acute and chronic	Extreme winds	High	Low	Long	Exacerbated wear-and-tear of wind turbines (i.e., increased service and maintenance/ repair costs). Higher risks/costs during construction (e.g., wind days and delayed construction).	We aim for long service contracts with solid counterparts, and we make sure that contracts with contractors have substantial buffers on weather-exposed operations.	Finding solutions for how future wind turbines (or upgrades of older wind turbines) can maximize production based on increased wind strength. It also opens for the opportunity to build wind parks in less sensitive areas
		Extreme rainfall	High	Low	Long	Damage and production loss to hydropower stations (higher insurance premiums), as well as lost revenue from flow over the dams.	The technical standard and capacity of our dams and pipelines are designed to withstand flooding.	More likely to get permits for adding regulation dams to our assets for flood prevention. An opportunity to increase the company's production capacity and be able to take full advantage and be more efficient to produce more power. Overall, increased precipitation might increase revenue for the company.
		Warmer, wetter, and windier	High	High	Long	Wind farms will get more hours of production due to overall higher wind speeds, while the production of hydro plants will increase all over due to increased rainfall and fewer water-frozen days.	Position ourselves and our power plants to maximize the benefits of the increased production potential.	More power production (e.g., if snow is melting to a larger degree than normal, hydropower plants that previously have been water frozen during winters might be able to produce power during the winter as well).

1) The likelihood is based on provisional internal assessments and will be further developed through scenario analyses in the years to come
2) Financial impact: Low < 10 mill, Medium 10-100 mill, High > 100 mill
3) Time horizon: Short: 0-3 years, Medium: 3-10 years, Long: more than 10 years

TCFD		Risk	Like-lihood[1]	Financial Impact[2]	Time Horizon[3]	Description	Risk mitigation	Opportunity
Transitional Risks and Opportunities	Policy and legal	Revised water regulation permits	Medium	Low	Medium	Revision of existing hydropower regulation plans might be more restrictive regarding minimum water flows, reservoir level changes, etc., to better preserve natural habitats, fish spawning, etc.	Cloudberry seeks to stay ahead of laws and regulations in all projects as well as in regular operations by closely following political proposals and industry association's recommendations on new or revised regulations.	
		Revised wind power permitting	High	Low	Short	Following public and political hearings throughout 2019/2020 NVE are likely to be working from a revised and more conservative framework when considering permits for new power production projects.	Cloudberry seeks to be proactive and follow public hearings and industry association's recommendations on coming regulations.	Focus on projects with less conflict, seek industrial areas for developing wind projects, as opposed to hunting for the largest and most windy sites.
		EU Taxonomy	High	High	Short	Suggested criteria threshold for facilities to operate at life cycle emissions lower than 100g CO_2e/kWh, declining to 0g CO_2e/kWh by 2050 and hydropower facilities with a power density above 5 W/m^2 are currently exempt from conducting the Product Carbon Footprint ("PCF") or Greenhouse Gas ("GHG") Lifecycle Assessment. These and "Do no significant harm" may affect negatively on hydropower plants in general, and as such, on our reputation and capital access.	Cloudberry has performed initial analysis of its emissions and impact and is preparing for potential risk mitigation actions. The company continues to follow the EU Taxonomy for sustainable activities and cooperate with national and European hydro associations to secure preparations and be aligned in line with potential outcome and requirements.	Cloudberry is focusing primarily on new and highly efficient plants minimizing CO_2e impact and optimizing uptime and production. An international legislation with common European requirements contributes to a more predictable environment for renewable projects.
		New subsidy schemes	Medium	Medium	Long	Massive climate goal-motivated subsidy schemes may put downwards pressure on revenues (i.e., power prices) of non-subsidized existing assets. Cloudberry considers subsidized offshore wind power as the most likely threat.	Appreciate the location of power plants away from the point of shore entry of coming offshore wind hubs.	Take an active position in such tenders ourselves, as a natural hedge.

1) The likelihood is based on provisional internal assessments and will be further developed through scenario analyses in the years to come
2) Financial impact: Low < 10 mill, Medium 10-100 mill, High > 100 mill
3) Time horizon: Short: 0-3 years, Medium: 3-10 years, Long: more than 10 years

TCFD		Risk	Like-lihood[1]	Financial Impact[2]	Time Horizon[3]	Description	Risk mitigation	Opportunity
Transitional Risks and Opportunities	Technology	Improved production tech-nologies	Medium	Low	Medium	Solar PV will come to be competitive also in the Nordics. Technology related to wind generators is experiencing rapid improvements.	Cloudberry seeks to maintain a portfolio with relevant and efficient technology. Moreover, the company aims to invest in power plants of expected good technical standards and prioritize technical solutions that are well-proven and delivered by reputable suppliers. Technical problems may still occur, which means possible halts in production and/or costly reinvestments that reduce profitability and/or financial position.	Technical improvements and lower cost on turbines will improve the profitability of Cloudberry's development backlog. With well-proven technical solutions, repairs can be made within reasonable time/ cost, and attractive insurance terms are accessible.
	Market	Lower power prices	Medium	High	Long	Cloudberry cautiously follows the market fundamentals and power price forecasts in the short- and long-term. It is difficult to predict power prices in the short-term (e.g., 2020 weather conditions led to a production surplus that affected power prices). Power prices may rise from increased CO_2 prices or higher electricity demand, or they might fall from an expanded renewable supply.	Positioning Cloudberry's production portfolio so that we are not dependent on one price area nor to one production technology, as a hedge towards locked-in whether depressed prices. PPA to secure fixed income in the short- and medium-term.	40% expected increase in Nordic power consumption by 2040, largely due to the electrification of power-intensive industries, as well as data expansion, etc. Ambitious climate goals will lead to a reduction in fossil fuel consumption. Interconnectors between Norway and Northern Europe. 50% of European power production is expected to come from solar PV and wind by 2040.
		Access to capital	Medium	Medium	Short	The financial capital market has a fast-growing focus on ESG investments, highlighting the importance of a sustainable business model. The ESG assessments have a major impact on access to capital and the valuation of companies' equity and debt. Investors increasingly take this into account in their investment decisions.	Be aware that it is not sufficient to align Cloudberry's business model with financial market requirements without including all aspects of the ESG segment. In 2020 Cloudberry focused on strengthening its sustainability management.	Continue to develop projects and producing power plants with high environmental quality requirements, which will attract investors and financial business partners and eventually green funding.

1) The likelihood is based on provisional internal assessments and will be further developed through scenario analyses in the years to come
2) Financial impact: Low < 10 mill, Medium 10-100 mill, High > 100 mill
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TCFD		Risk	Like-lihood[1]	Financial Impact[2]	Time Horizon[3]	Description	Risk mitigation	Opportunity
Transitional Risks and Opportunities	Reputation	Opposition to wind power	High	Low	Short	Being a public company in Norway, it is likely that we will receive resistance from opponents where we build wind farms (e.g., due to impact on nature).	We will continuously aim to develop projects in areas where we can mitigate potential conflicts. We seek to develop projects near industrial areas, or in areas where there is local support.	Wind power is the best source for new clean power in the Nordics, also in Norway.
		Increased focus on corporate carbon footprints	Medium	Medium	Medium	There is an increased focus on companies' carbon footprint. As a renewable energy company, we are an important part of the green transition, however, it is just as important to reduce our carbon emissions and move towards net-zero in the whole value chain, both in terms of all materials and in terms of conserving biodiversity on all locations.	Cloudberry focus on preserving biodiversity, reducing carbon emissions, and to help others reduce their carbon footprint (by providing green energy). The company is in a process of implementing its Code of Conduct which will include supplier requirements for their carbon footprints.	Cloudberry believes that an environmental strategy shapes confidence from stakeholders and attracts the best workforce and talents who seek a purpose in their professional life.
		Selling GOs	High	Low	Short	May be accused of selling the "renewableness" of our own power production, while at the same time not buying similar for our own consumption.	Cloudberry will decide between buying GoOs for our own consumption or stop selling from our production.	Cloudberry is currently budgeting minimal income from the GO's (green certificates that our plants obtain). This can change as more and more carbon intensive businesses are moving towards net-zero strategies. GO's prices can improve and can be used to reduce/ improve companies CO_2 footprint.

1) The likelihood is based on provisional internal assessments and will be further developed through scenario analyses in the years to come
2) Financial impact: Low < 10 mill, Medium 10-100 mill, High > 100 mill
3) Time horizon: Short: 0-3 years, Medium: 3-10 years, Long: more than 10 years

Carbon Emissions

Certain areas of Cloudberry`s business have carbon emissions. Cloudberry started measuring its greenhouse gas emissions in February 2020 in line with the Greenhouse Gas Protocol (The GHG Protocol), following the operational control approach.

In 2020, Cloudberry produced 21 GWh of renewable energy, which is equivalent to reducing 5,565 tCO_2e, relative to baseline emissions from the European electricity mix (EU-27 electricity mix, IEA 2020). After taking into account the total greenhouse gas emissions in Cloudberry's carbon accounting (see the carbon accounting below), the reduction of greenhouse gas emissions from Cloudberry's operations is 5,378 tCO_2e.

Cloudberry's carbon inventory is divided into three main scopes of direct and indirect emissions.

Carbon Accounting	Scope	Unit	2020
Scope 1	Scope 1 Total	tCO_2e	-
Scope 2	Scope 2 Total	tCO_2e	1.4
Scope 3	Scope 3 Total	tCO_2e	185.3
	Total	**tCO_2e**	**186.7**

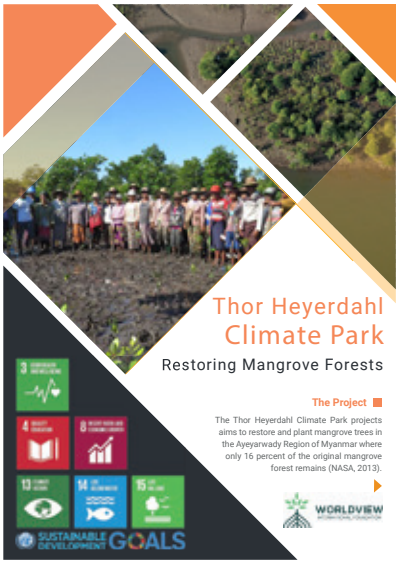
In 2020 Cloudberry's total carbon emissions from Scope 1, 2 and 3 were 186,7 tCO_2e.

Scope 1 covers all direct emission sources, including all use of fossil fuels for stationary combustion and transportation. Cloudberry does not own company cars and there are no other direct greenhouse gas emissions to report in scope 1.

Scope 2 includes indirect emissions related to Cloudberry's purchased energy (i.e., electricity and heating/cooling). This includes purchased energy for its offices in Oslo, Norway and in Karlstad, Sweden, as well as the energy used in the hydropower plants Finnesetbekken Kraftverk and the windfarm Røyrmyra Vindpark. In 2020, Cloudberry reported a total of 34 596,8 kWh and the emissions from electricity were 1,4 tCO_2e in scope 2.

Scope 3 comprises indirect emissions resulting from Cloudberry's value chain activities. In scope 3, category 1 (purchased goods and services), Cloudberry reported 785 m^3 consumption of concrete in 2020. The concrete was used for the construction of the two hydropower plants Bjørgelva Kraft and Nessakraft in Norway. The emissions from the concrete accounts for 97,3% of Cloudberry's total GHG emissions (Scope 1, 2 and 3). In category 1 Cloudberry has also reported the kilometers between service providers' location and the location of corresponding hydro plants and wind farms that received service. This was a total of 11 950 km and accounted for 2,0 tCO_2e. In category 6 (business travel), Cloudberry reported emission from air travel, rental cars and milage allowance, which in total accounted for 1,6 tCO_2e. In category 15 (investments), Cloudberry reported the electricity used in the hydropower plants in Forte Energy Norway AS, where they have a 34% ownership.

The total emissions from Scope 3 were 185,3 tCO_2e. The scope 3 reporting for 2020 is intended as a starting point, and Cloudberry will continue to evaluate and include more aspects of emissions from its value chain activities in 2021.



CLIMATE COMPENSATED ORGANISATION

To compensate for Cloudberry's emissions of 186,7 tCO_2e, we have purchased carbon creditsfrom the VCS project 1764 Thor Heyerdahl Climate Park in Myanmar. The credits from planting mangrove trees, are called "Blue carbon". In addition to the climate effect, the project provides work and income to the local population, better protection against floods/tsunamis, and it restores the ecological balance in vulnerable coastal areas.

The Taxonomy
In March 2020, the European Union published a taxonomy to classify sustainable activities. The EU Taxonomy contains implementation guidance for companies and financial institutions. This includes technical criteria for e.g., production of electricity from hydropower and from wind power. The Taxonomy includes several principles and mitigation criteria's such as threshold for facilities to operate at life cycle emissions lower than 100g CO_2e/kWh, declining to 0g CO_2e/kWh by 2050 and "Do no significant harm assessment". Internal analysis and estimates of life cycle emissions from Cloudberry's hydro and wind projects indicates emissions far below 100g CO_2e/kWh.

The taxonomy report (technical annex chapter 4.5) specifically pinpoint power densities of hydropower. According to the report, hydropower facilities with a power density above 5 W/m^2 are currently exempt from conducting the Product Carbon Footprint ("PCF") or Greenhouse Gas ("GHG") Lifecycle Assessment. Internal analysis and calculations within Cloudberry's hydropower projects resulted in estimated power densities far above 5 W/m^2. In other words, according to the proposed Taxonomy matrix, Cloudberry has highly efficient hydropower plants relative to the impacted areas.

The legislation formalizing this taxonomy has not yet been adopted and Cloudberry will continue to monitor the development of the EU Taxonomy for sustainable activities closely. Meanwhile, Cloudberry is in close dialogue with both national and European organizations and associations and awaits the outcome of the concluded consulting process. The company is aware of the potential consequences for the hydropower sector if the legislation will be formalized and is preparing for potential risk mitigation actions.

Way forward
Cloudberry will monitor national and international climate politics and their potential impact on our strategy and business. We strive to ensure that the company makes the right decisions and assessments on how climate and climate politics might affect us. We are currently strengthening our risk strategy by including the topics identified in the materiality assessment where climate and renewable energy are core topics. The climate-related risk assessment will be established as an annual process, and the identified climate-related risks will be incorporated into our general risk management and reporting.

Cloudberry`s segments Production and Develop will, from 2021, include climate-related risks and opportunities in their business reviews presented to the Board of Directors. As a part of integrated risk management, the Board of Directors will also review and determine how to respond to different climate-related risks including regulatory, legal, and market risks, as well as the physical risks to our assets. The Board of Directors will oversee the expected progress towards the set goals and the plans of action related to the defined climate-related risks and opportunities. The Board of Directors and its work is also described in the corporate governance section later in this report.

The corporate management is responsible for ensuring the implementation of the sustainability objectives and operating effectiveness of the internal control systems and for development of key risk mitigation plans. Ownership and management of all risks will be assigned to specific members of the management. Implementation of risk mitigating actions will be the responsibility of the managers of the individual business segments. The management team will at least half-yearly follow up on key mitigation plans. Progress will be reported in yearly reports and presented in annual board meetings.

In 2021, Cloudberry will use the baseline established in 2020 to determine future emission reducing targets. The targets will be evaluated and confirmed by the Board of Directors along with the governance and management of financial climate risks and opportunities and the overall sustainability strategy.

Land use and ecological sensitivity
The development and operations of wind farms and hydropower plants have an impact on both land areas and river systems. For wind farms, their environmental impact is first and foremost through their visibility in the landscape and their noise and shadow. Hydropower plants impact the water flow, fish and sediment load. The development of both wind and hydro power plants, utilize land particularly in the construction phase.

Nessakraft, Balestrand, Norway

The development and production of wind and hydropower is highly regulated both in Norway and Sweden, with stringent environmental regulations. Cloudberry maintains a continuous dialogue with authorities and local stakeholders. We aim to minimize the environmental footprint from projects and to maximize the local value creation. Below we describe the process of gaining permits for new wind and hydro projects, and how we assess sustainability within each stage of the process.

Our approach

The Identifying stage "Pipeline"

In this stage, the opportunities for a windfarm or a hydropower plant in specific areas are explored and involves assessing the power grid capacity. Our policy is to seek locations where impact evaluations on nature have already been performed in order to limit the size of the area impacted.

Furthermore, we evaluate the landowner's interest for having a producing power plant on their ground, as well as identifying the local political view towards such an establishment. In Sweden, municipal plans for wind power are already in place. Cloudberry seeks to minimize the visual impact and aims to build larger, but fewer, windmills to reduce land use and noise level on the ground whilst seeking to balance the size of the shade area and potential ice throw during cold weather. Wind farms and surrounding infrastructure may also impact the conditions of rare plants, animals and birdlife and may change their conditions of life.

Further studies relating to the environment, nature and wildlife are carried out to identify potential negative consequences of the project. These studies need to conclude with an acceptable risk prior to progressing to the next step, which is negotiating

and entering into an agreement with the landowners and possibly other parties.

The Development stage "Backlog"
In the development stage, the formal notification with a description of the project is submitted to the authorities. Public meetings are held to inform stakeholders. In Norway, The Norwegian Water Resources and Energy Directorate (NVE) handles both wind and hydro power applications, whilst in Sweden, the County Administrative Board handles onshore wind power, and the Land and Environmental Court handles offshore wind power.

Necessary environmental impact assessments (EIA) are carried out and describe any negative environmental consequences e.g., on biodiversity, caused by the construction and operation of the power plant. The EIAs are performed by specialist consultants. The benefits of the project must exceed the perceived negative environmental impact. If the environmental impacts are acceptable and within regulatory requirements, the final application is prepared and submitted to the authorities and the development of the project can proceed.

The Approval stage "Construction Permit"
When a project has been approved, the detailed planning begins. This includes descriptions and drawings of the design of the wind power plant, road sections, foundations, cable trenches, crane sites, or a pipeline, dam, and a power station in the case of a hydropower plant. In the planning phase, it is imperative to consider nature conservation in the construction. This is also an integral part of the negotiations with the suppliers who will carry out the work. The detailed plan must be approved by the authorities before the actual construction begins. Also, local hiking areas are considered when building roads and tracks. We leverage on existing infrastructure, such as roads and networks when possible, and try to reuse excavated masses for roads.

Once the permit is obtained, numerous environmental conditions that the company needs to fulfil in the construction and production phase are specified. For a hydropower plant this may involve monitoring the area around the power station to identify any changes and need for risk reducing initiatives. Cloudberry may adopt additional voluntary actions, such as reducing waterflow and installing fish ladders. At the same time, hydro dams may also have positive impacts such as limiting the risk of flooding during extreme weather and reducing erosion of rivers and streams.

The Construction stage "Under Construction"
In the construction phase, Cloudberry evaluates potential suppliers and seeks to engage local suppliers and contractors as our goal is to create value locally. Safety, health and environment are monitored and followed up by the company and our suppliers, in order to ensure compliance with laws and regulations. In cases of temporary dredging work, we seek to restore the area to the original condition after the construction is completed. In areas close to birds in the breeding season, there is a no-work zone. Similarly, in our nearshore project, spawning seasons for certain fish types are accounted for in the planning. Furthermore, in our offshore wind project, Cloudberry may compensate fishermen for their loss of income when they are not able to fish in the area during construction.

Upon completion of the construction stage, certificates and documentation will be issued by the contractors and suppliers.

The Production stage "Production"
Early in the operational stage, Cloudberry enters into agreements with suppliers for ongoing service and maintenance of electromechanical equipment on the power station.

Cloudberry has a dedicated person responsible for high-voltage installations whilst power notification is handled by the company's management, or the person or service provider they appoint to manage production.

Decommissioning

Cloudberry always develops a plan for decommissioning as we are required to restore areas back to their original condition as far as possible, e.g., cleaning up and replanting. Steel and other metals are recycled and some of the equipment has a second-hand benefit.

Our activities

During 2020, Cloudberry has carried out two green field wind power projects in Sweden. Both projects are within the municipal plans for wind power. One of the projects was terminated in the identifying phase because red-listed birds were found in the area. The second project is under development (backlog), meeting internal Cloudberry requirements as well as the requirements of laws and regulations.

Following a regular inspection by the authorities in 2020, Cloudberry was required to carry out a hydrological survey at the Marker wind farm. The survey resulted in adjustments and repairs and provided a welcomed experience for Cloudberry.

At Åmotsfoss Kraft hydropower plant, we have built a fishing route to protect the biodiversity around the power plant. This is in accordance with the regulations, but nevertheless an important aspect for us to secure the environment in our projects.

Before granting a concession, the relevant regulatory body carries out a thorough and comprehensive evaluation process as mentioned above. Local biodiversity input from local authorities and the local public are taken into consideration. The regulatory authorities will also consider the need and demand for new stable renewable energy. Normally the authorities would not grant concession if a power plant were to be located to adjacent or in a protected area, or if the power plant would have a negative effect on biodiversity.

None of Cloudberry's power plants are located in, or adjacent to, protected areas. There have been observations of rare species in the areas around our power plants and necessary actions have then been taken.

Examples of powerplants and type of area where located

Power plant	Type	Protected area/ watercourse	Adjacent protected area	Marked area nearby	Endangered species observed nearby	Comment
Selselva	Hydro	No	No	No	None	
Bjørgelva	Hydro	No	No	Yes - Mountain grouse	Mountain grouse	Grouse not threatened by hydropower
Finnesetbekken	Hydro	No	No	No	Sea eagle	Sea eagle not threatened by hydropower
Nessane	Hydro	No	No	No	Falagrioma thoracica - insect	Observation in a factory 500m away
Åmotsfoss	Hydro	No	No	No	None	
Ramsliåna	Hydro	No	No	No	Ospekvitkjuke - mushroom in Osp	Drilled waterway, observation 400 m away
Skåråna	Hydro	No	No	Yes - Mountain grouse & Hare	Mountain grouse & Hare	Not threatened by hydropower
Røyrmyra	Wind	No	No	No	Grasshopper, "åkerrikse", quail, clover bumblebee, gras bumblebee	No birds have been observed in the turbines

Åmotsfoss Kraft, Nissedal, Norway

Way forward

The construction of power plants causes unfortunate, but unavoidable, negative environmental consequences. Cloudberry will always strive to find mitigating measures where appropriate. Through good systems for monitoring and reporting, mediating measures can be implemented.

At the Marker wind farm, the regular inspection is instructed to map possible alien species (plants) that might have been brought into the area during the construction work. We will prepare such a report during the summer of 2021, and it will specify any possible need of remedial actions to be taken.

Cloudberry is also developing shallow water offshore wind power projects in the Baltic Sea. In addition, Cloudberry has a large portfolio of promising projects and has developed offshore wind power for more than 10 years.

Cloudberry has entered into a collaboration on construction of offshore wind power in Lake Vänern in Sweden. The detailed planning is progressing and includes environmental issues and requirements as described in the permit. For example, the company consults the Swedish Maritime Administration and the Swedish Transport Agency about necessary protective measures, and they are kept up to date on the progress. The procurement process started early 2021 and will reach a financial investment decision (FID) during 2021.

For all our projects our focus will be maintained on conducting through environmental mapping and analysis in the early stages of development. It is also imperative to have good cooperation with the host municipality and other affected stakeholders, as well as ensuring transparency and involvement from Cloudberry.

People

Cloudberry has ten employees representing various backgrounds from the renewable energy sector. Seven of our employees work out of the main office in Oslo, Norway and three employees work out of the Karlstad office in Sweden. The company currently employ eight men and two women and have recently recruited two female colleagues to join our Karlstad office in the first quarter of 2021. The average age is 46 years. We work in an inspiring and high paced environment. We encourage an open atmosphere to foster free exchange of ideas and collaboration.

Cloudberry facilitates diversity in background, competence and gender across the company and seeks to increase diversity and foster inclusion. Cloudberry believes that diversity contributes to new perspectives and ideas by our employees and creates innovation and further development in the company. The commitment to diversity and inclusion relates to all aspect of diversity i.e., gender, nationality, educational background, age and mind set. We are all committed to equal treatment and have zero tolerance for discrimination and harassment.

Health and Safety

Care for, and the safety of people working for or on behalf of Cloudberry is of paramount importance to us. Our employees are predominantly office-based with low health and safety risks. Our largest health and safety risks are amongst our suppliers and contractors, therefor we are reliant on our partners to have implemented solid health and safety management systems.

Our approach

We work continuously towards our goal of zero injuries. We expect our suppliers to follow standards that are in line with, or better, than our own. Our construction and operation partners have health and safety policies in place and report on a variety of measures to safeguard the workplace during development and ongoing operations. These measures may be training for employees and contractors, procedures for notification of accidents, registration and reporting of nonconformities etc. We have a zero tolerance if workers onsite our projects and powerplants do not comply with the company's safety rules and routines.

Our activities

The health and safety risks in Cloudberry's construction projects and operations and maintenance of our power plants will increase, as the company grows. Cloudberry has safety and health guidelines for work environment ("SHA-plans") on every development project and is continuously improving our framework and reporting routines. On our projects, we have weekly construction meetings and health and safety management on site is part of our regular supplier dialogue to ensure that routines are followed.

In 2020 Cloudberry had no accidents and no recordable incidents, neither on producing plants nor in the development and the construction portfolio involving either employees or contractors. However, we had one incident amongst our contractors involving a bone fracture. We had no incidents causing material damages.

In 2020 the sick leave was 1.4% amongst our 10 employees.

Way forward

Cloudberry aims to prevent incidents and is committed to a workplace without injury or harm. In our view our largest health and safety risks are at our assets and involves both our staff and partners. The likelihood of injuries caused by workplace accidents increases as our company develops and expands. We continue to update our routines with regards to health and safety framework and reporting structures. Health and safety will also be addressed in the Supplier Code of Conduct to safeguard a mutual commitment between Cloudberry and our suppliers and contractors. Furthermore, we will encourage employee engagement and strengthen our focus risk activities and preventive measures, such as providing training to build the required competence.

Prosperity

Our purpose is to provide renewable energy for future generations thereby contributing to a sustainable society for the long term at the same time as creating value for our stakeholders.

Prosperity relates to Cloudberry`s role in contributing to a societal value creation. We contribute to economic growth by providing decent employment, local value creation and renewable energy supply in the ongoing energy transition.

Local value creation

We strive to share our value creation with local communities by providing renewable energy to enable the necessary energy transition. We seek to do this in a sustainable manner. We have a long-term growth strategy as a local business partner, that rests upon our ability to create value for stakeholders.

Our approach

We seek to share our value creation with local communities by creating employment, paying taxes to local municipalities, paying landowners, and using local business partners when possible for construction, operations and maintenance. For the broader society, we provide energy that is renewable and therefore reduce climate emissions and contribute to meeting the SDGs and the Paris Agreement.

Furthermore, Cloudberry seeks to cooperate with local business partners. Lending partners such as local or regional financial institutions are prioritized. We also seek to use local suppliers and contractors whenever possible and contribute to initiatives that are important for local communities. When developing our projects, we seek to identify local stakeholders' needs and try to accommodate these

in our plans. It is also important for us to minimise our impact, for instance by using existing infrastructure. We seek to create financial value for our local stakeholders.

Our activities

By listing Cloudberry on the Euronext Growth in April 2020, we made investments in renewable energy available to other stakeholders beside governmental and institutional investors, in addition to providing access to capital for Cloudberry.

We also seek to create value to the local communities by contributing to common infrastructure solutions. During the construction of the wind park at Årjâng, we contributed locally by building cycle and ski tracks. Similar contribution is planned in Marker municipality. At Odal Vindkraft we have established a fund to contribute to growth and well-being in the local community. Yearly the fund supports teams and associations in the local area, specifically for children and youth, culture and sports, and to sustainability, climate and environment.

Our wind parks also give access for landowners to their forest and thereby improves their forest management.

We are open to discuss the number of turbines being constructed, as well as height and location of the turbines, as we focus on cooperating with our stakeholders and to perform our business in a sustainable manner.

Cloudberry plans to increase the pace of development and will increase the number of employees in the future. We depend on skilled employees with the right competence and experience. We have recently increased the number of employees at both our offices in Oslo and Karlstad. We are preparing Cloudberry for growth in the development of new renewable and sustainable energy projects in the years to come.

Way forward

The Nordic society, like others, are in the transition of switching towards renewable energy supply. Ambitious goals have been set by both the Swedish and Norwegian governments. To reach these goals, the supply from renewable sources must be profitable. The level of cost has been reduced and makes renewable energy competitive. To meet the renewable energy demand and to achieve competitive conditions, we must plan in a ten-year perspective.

Cloudberry sees the benefit of long-term local cooperation in connection with the development of new projects. In Eda municipality in Sweden, a collaboration has been established with an owner of a large sawmill and several forest owners. Development of wind power will ensure power supply to the sawmill and provide an opportunity to increase production with sufficient access to electricity. At the same time, new forest roads will be built, which will make it easier to extract timber. Cloudberry will strive to create value beyond the establishment of wind power where there is a basis for this.

Cloudberry is collaborating with Marker municipality to develop a cycle path. The work is ongoing and the cycle path between Norway and Sweden is in the same route as the power cables for the Hån wind farm project. Hån wind farm is in Sweden but will supply electricity to Norway in underground cables. This collaboration contributes to the realization of a common infrastructure for the wind power project and for outdoor purposes.

At Odal wind park the fund will continue to allocate financial support annually and will create value locally for children and youth.

We will continue to seek opportunities for cooperation with local stakeholders and communities in order to provide value for them when developing new assets.

Renewable energy supply

Our approach

Providing renewable energy is our business, and we contribute to securing renewable energy supply for society. This supports Sweden's[1] goal of producing 100% renewable energy by 2040 and Norway's[2] target to reduce total emissions towards 55% below 1990-levels by 2030. Renewable energy is a priority area for Norway's and Sweden's enhanced climate policy efforts.

1) https://sweden.se/nature/energy-use-in-sweden/
2) https://www.regjeringen.no/en/aktuelt/norge-forsterker-klimamalet-for-2030-til-minst-50-prosent-og-opp-mot-55-prosent/id2689679/

Our activities

During 2020, we supplied 21 GWh of renewable power in Norway. Our producing assets consist of Finnesetbekken hydro plant, Røyrmyra wind farm and 14 hydropower plants in the Forte portfolio, where Cloudberry is a local manager and owns 34% of the portfolio together with Forte Norway AS (associated company with Fontavis, a member of Swiss Life).

During 2020 Cloudberry had the following hydro plant assets under construction:
Bjørgelva (acquisition 2019), Nessakraft (acquisition 2019), Åmotsfoss (acquisition 2020) and three more hydro plants bought in 2020 and to be financially closed during 2021. Odal wind park is currently being constructed in association with KLP (Norwegian pension fund) and Akershus Energi.

Under 2020 Cloudberry has the following projects under development:
Rewind Vanern AB is a shallow water project in the lake of Vänern where Cloudberry signed a Sale and Purchase Agreement ("SPA") with Downing LLP in January 2021, Hån wind park with expected production start in 2022 and Duvhällen wind park with expected production start in 2023.

At the end of 2020, Cloudberry signed a SPA to purchase the producing hydropower plant Selselva Kraft AS, and the acquisition was formalized at the beginning of 2021. Furthermore, Cloudberry purchased Scanergy AS and CB Nordic Renewable & Infrastructure Fund I AS in 2020, and the industrial wind developer Skogvind AS.

As a result, the annual production will increase considerably in 2021, following acquisitions made during 2020, as well as completion of power plants under construction.

Way forward

We will continue to develop our portfolio and ensure timely and safe completion of projects. We will deliver our communicated growth on renewable energy supply and contribute to provide clean renewable energy for future generations.

Cloudberry sees many opportunities for possible further development of renewable projects and acquisitions of existing energy plants.

In line with our business strategy, we continue to develop and grow, with focus on organic development and acquisitions of assets. Through Cloudberry strategic initiatives, we are contributing to the European energy transition and a net zero emission society.

Sustainable Finance

Our approach

In order to ensure that we meet our ambitions, Cloudberry has built a robust, financial platform for sustainable growth. By 2040, we expect a 40% increase in Nordic power consumption, largely due to electrification of energy intensive industries and data center expansion. The ambitious climate goals in the Nordics and the EU will drive a transition from fossil fuels to renewable energy. Combined with higher expected power prices for 2021 and beyond, this is likely to provide supportive fundamentals for value creation and long-term cash generation in the company.

We seek to have an optimised capital structure, taking both return and risk into consideration. We have several long-term alternatives available for financing, depending on project size, transaction type and counterparty, including existing cash and cash flow generation, green bond financing, and farm down and carry arrangements, share consideration and new equity.

Our activities

In 2020 Cloudberry carried out three successful private placements. NOK 158 million in March related to the listing on Euronext Growth, NOK 200 million in July and NOK 500 million in December to finance specific growth opportunities. See detailed information in the governance section and in Group Financial Statement note 22.

On lending and financing of local projects we have during 2020 prioritized to have cooperation with local or regional financial institutions. We refer to the Group Financial Statement with notes for further information.

Way forward

Cloudberry has delivered on its targets in 2020 and has carried out several transactions since the company listed on Euronext Growth in April. The company has ambitions to further growth organically and through acquisitions. To reach a wider shareholder base and to contribute to making investments in renewable energy available to all stakeholders, Cloudberry has initiated a process to prepare for listing on the Oslo Børs Stock Exchange

during 2021. A full listing is expected to increase the company's availability to capital at competitive terms in a broader universe of investors.

Cloudberry considers the opportunities for green bonds and direct lending facilities going forward. This may be an alternative to finance our ambitious growth targets.

Best technology

Our approach

In the materiality analysis, we identified the use of best technology as a material topic. This will ensure that we optimise our energy production as well as utilize new technology and digitalization to drive efficiency across the entire value chain whilst causing minimal environmental impact. The choice of the best technologies will be done in close cooperation with our suppliers and partners and our approach will be explored and developed going forward.

Our activities

Technology related to wind generators is experiencing rapid improvements. Cloudberry seeks to maintain a portfolio with relevant and efficient technology and has this as a criteria when entering into partnerships with suppliers of turbines etc on projects to be constructed. When acquiring power plants in production, we invest in assets expected to have good technical standards and prioritize technical solutions that are well-proven and delivered by reputable suppliers.

Way forward

Cloudberry's strategy is to invest in modern development and production technology to reduce maintenance cost and increase insurance. The company is closely following the rapid technology improvements in e.g., wind generators. To secure the company's profitability and financial position, we prioritise securing the best technology at all time.

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