FIVEN

Sustainability-Linked

Bond Framework

9 June 2021

A sustainability leader

Our mission of shaping industries can only be achieved through continued commitment towards delivering sustainable, high-quality products for our global customer base. Being a worldwide leader within our own industry, we aim to utilise our global reach and unparalleled manufacturing experience not only to continue to serve the industry giants of today and tomorrow, but to also to drive change across our whole value chain. Since the carve-out and the formal, stand-alone foundation of Fiven in 2019, we have committed significant resources towards sustainable initiatives within our own organisation with the ambition of positively contributing to our employees, counterparties, the societies we operate in, as well as the environment. The Sustainability-Linked Bond Framework serves as an actionable opportunity to continue our commitment towards becoming not only a global market leader, but also a leader within sustainability by integrating sustainability into yet another aspect of our operations, namely financing.

Introduction: Fiven and our sustainability agenda

Founded in 2019, but with roots stemming back to 1912 [1], Fiven is a global leading producer of silicon carbide ("**SiC**"), an industrial material used in a variety of both industrial applications, such as metallurgical feedstock, refractory materials and abrasive grains, as well as specialty applications such as filtration, Lithium-ion batteries, aerospace, semiconductors and defence & security. The mineral is widely recognised for its superior hardness [2], high thermal conductivity and chemical inertness, thus making it the preferred material for many demanding applications. Fiven's product brand SIKA® is recognised globally as a premium brand with longstanding roots (established 1914), high quality and solid supply consistency. As a result, Fiven is today recognised as the leading manufacturer of SiC products in the world and holds especially strong positions within Europe and South America, as well as within global ceramics.

Our group is headquartered in Oslo, Norway, and has strong Norwegian roots since the establishment of the company in Arendal, Norway in 1912. However, as of today, Fiven is a global organisation with a manufacturing footprint in four countries; Norway (2 sites), Belgium (1 site), Brazil (1 site) and Venezuela (2 sites) [3]. Additionally, we have sales representation offices in the United States, China and Germany and cover some 49 different countries.

Across our manufacturing network, we commit to limiting the potential adverse effects that our operations may have on the societies in which we operate. In 2020 we laid the foundation of this commitment through the establishment of a new Corporate Social Responsibility ("**CSR**") policy with the aim of achieving industry-leading practices in terms of several sustainability and ESG-related aspects, including (i) Social Aspects, (ii) Local Anchorage, (iii) Business Ethics, (iv) Environment and (v) Health & Safety. As part of the establishment of the new policy, an Environmental Roadmap for Fiven was also established, stipulating targets and actions which will enable Fiven to become a net zero emissions company by 2050, and with ambitious milestones set for both 2025 and 2030. In the process of developing both the CSR policy as well as the Environmental Roadmap, the UN Sustainable Development Goals ("**SDGs**") served as an integral reference point. Apart from our five new axes of CSR practice, we have established a set of principles called the *"Fiven Five"* aimed at ensuring compliance and adherence with respect to integrity, solidarity, respect, trust and transparency for all employees across our whole organisation. The Fiven Five comprise an additional step towards realisation of our ambitious CSR agenda.

In 2021, Fiven aims to consolidate the foundations of what has been initiated in 2020 through the definition of our CSR policy as well as through our Environmental Roadmap. The primary source of inspiration of our sustainability work up until today has been the UN SGDs and we currently tackle ten UN goals through our five CSR axes. In 2022, we will aspire to more ambitions and develop suitable programs to tackle additional UN goals such as #9 (innovation) and further develop #13 (climate actions), of which this Sustainability-Linked Bond Framework serves as a strong stepping stone towards tapping into climate actions in particular.

(1) Operated as Saint-Gobain Silicon Carbide until being acquired and carved out by OpenGate Capital in May 2019.
(2) Hardness superseded only by Diamond, Cubic Boron Nitride, and Boron Carbide.
(3) The Venezuela manufacturing sites are currently in standby mode due to the ongoing political situation and are not producing.

An introduction to Fiven

Fiven is clearly established as the worldwide leader in the business of silicon carbide grains and powders. At the heart of industry, we pride ourselves in serving many customers, leaders in their own segment, across the world, through long-term, trust-based relationships.

4 office locations

6 production sites

€99.2m

Total revenue

2020

Selling to

49

different countries

Serving

400

customer groups

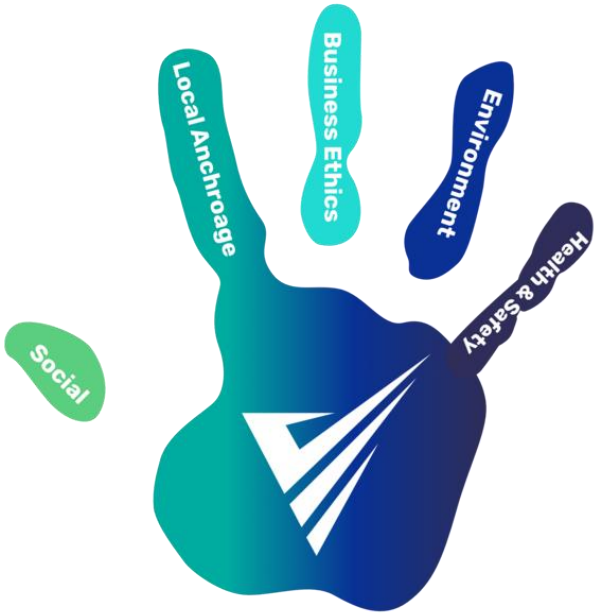
519

Employees

Venezuela included

Our Corporate Social Responsibility Policy

At Fiven, we recognize that our company has an impact on the environment, the people we employ and serve, as well as the societies in which we operate. We are committed to operating a sustainable business model and production process and believe that through continuous improvement initiatives, we will be able to support a transition of our operations towards a stronger alignment with the relevant UN Sustainable Development Goals. As of 2020, we have stipulated five separate axes that together form a holistic ESG imprint on our corporate strategy; these five axes include work towards improving social aspects, our local anchorage, our business ethics, our environmental imprint, as well as the health & safety conditions of our employees.



Axis 1: Social concerns

Fiven practices a culture of open-mindedness and with zero tolerance for any sort of discrimination and/or differentiation based on gender, sexuality, political beliefs, religion, etc. A core pillar of our strategy is that diversity generates additional value in terms of both productivity and creativity, which is why we constantly endeavour to create an environment with high degree of well-being of both out employees as well as our various stakeholders. Our approach to measuring and targeting well-being is multifaceted and is conducted through a wide variety of tools and metrics, including for example satisfaction surveys, dedicated well-being programs, annual appraisals, and through the implementation of work environment standards – for example the ISO 45001 certification [4] which has been executed in every manufacturing site that we operate. Another metric on which we specifically measure well-being is the short-term sickness rate, which for 2020 amounted to approx. 1.9%, down from 2.3% in 2019.

To date, Fiven can list several achievements with respect to social concerns within the organisation, including for example that our plants are amongst the largest employers within their respective communities, that women make up 33% of the extended management team (and 50% of the board) and that our workforce comprises more than 10 different nationalities. Our work with respect to social concerns consequently supports ambitions raised under the UN Sustainable Development Goals #3 (Good health and well-being), #5 (Gender equality), and #10 (Reduced inequalities).

Axis 2: Local anchorage

Fiven takes into account both environmental as well as social issues of the local communities in which we operate. Our presence in each community must therefore foster innovative and sustainable value creation, without compromising the health and safety of each respective community. As of today, we have implemented several programs to encourage local involvement, for example via sponsorships, apprenticeships and co-development and collaboration with local organisations. Our achievements within this space to date include a local program to promote events in the cities in which we operate, programs to help schools improve their facilities, programs to provide school and university students with practical experience, and organised plant visits. Our work with respect to local anchorage consequently supports ambitions raised under the UN Sustainable Development Goals #11 (Sustainable cities and communities) and #17 (Partnerships for the goals).

Axis 3: Business ethics

Fiven's code of conduct includes stringent policies for how all parties and stakeholders of Fiven shall comply with national and other applicable laws, regulations and prevailing industry standards to which our company

(4) ISO 45001 is an ISO standard for management systems of occupational health and safety (OH&S), published in March 2018. The goal of ISO 45001 is the reduction of occupational injuries and diseases, including promoting and protecting physical and mental health.

subscribes. Fiven has issued a set of corporate policies in the domain of corruption prevention, conflict of interests, trade association participation, gifts and embargoes. These policies are strictly applied by all Fiven entities and employees. Besides, our values, called the "Fiven Five" are designed to help our employees make fair and responsible decisions. Internal training programs on corporate compliance are mandatory for all Fiven employees. Our work with respect to business ethics consequently supports ambitions raised under the UN Sustainable Development Goals #16 (Peace, justice and strong institutions).

Axis 4: Environment

Fiven takes its environmental responsibilities seriously and strives to be a role model business operation by running operations cleaner and greener. We are inspired by the United Nations Sustainability Goals and focus primarily on two main areas, including:

- **Climate:** By minimizing our emissions to air and reducing pressure on biodiversity
- **Resources:** By increasing water use efficiency and accelerating the circular economy

As will be covered in the following section, we have recently developed an ambitious environmental roadmap stretching until 2050, and with the goal of turning Fiven into a zero emissions company. Our work with respect to the environment consequently supports ambitions raised under the UN Sustainable Development Goals #6 (Clean water and sanitization), #7 (Affordable and clean energy), #12 (Responsible consumption and production) and #13 (Climate action).

Axis 5: Health & Safety

Fiven applies a strict "Safety First" policy, entailing that our HSE policy is driven by a vision of zero accidents, as well as full safety and health protection for all our employees. We are systematically implementing advanced EHS prevention programs and procedures. No matter the plant location, all our people are protected following the same Fiven standards. We employ several different tools for enabling a safer work environment for our employees, including for example the implementation of our HSE Policy and our HSE roadmap, the use of Safety Management Audit Tools ("SMAT") as well as implementation of ISO 45001 in all our plants. Additionally, we track several key performance metrics with respect to HSE, e.g. (i) lost time & non lost time accident frequency rate, (ii) numbers of near misses & unsafe acts and (iii) number of high risks issued from our plant risk assessment.

To date, some our achievements within health and safety includes a frequency rate of 3.7 for 2020 (corresponding to no more than five events for all employees, temporary people and permanent sub-contractors), establishing monthly reporting on first-aid, near misses and unsafe acts & conditions, and starting every plant meeting with an HSE-related topic. Our work with respect to health and safety consequently supports ambitions raised under the UN Sustainable Development Goals #3 (Good health and well-being).

Fiven's CSR Policy: Alignment with the United Nations' Sustainable Development Goals

Sustainability-linked bonds

One of the largest modern-day challenges facing the silicon carbide industry is the environmental impact caused by the production of fine SiC grains and powders. Fiven has recognized that in order to maintain its position as the globally leading player within our industry, we must also act as a pioneer with respect to the decarbonization of our industry and as a frontrunner in phasing out unsustainable production methods. While our Environmental Roadmap established in 2020 provides our group with ambitious and tangible goals designed to achieve these targets, we deem that by integrating said targets into our financing strategy we will provide ourselves with the strongest possible incentives to also execute on these.

Motivation: Why Sustainability-Linked Bonds?

As one of the largest producers of silicone carbide grain and powders in the world, Fiven is aware of its potential influence on the silicon carbide industry as a whole and consequently aims to lead by example in driving a positive change with respect to our industry's environmental impact. One of our first steps towards making real progress towards this goal has been to establish our own Environmental Roadmap, outlining key strategies and objectives towards achieving net zero emissions by 2050. While we remain humble towards the fact that this is an ambitious target not only in relation to where we stand today, but also in relation to the industry as a whole, we acknowledge that eliminating the environmental impact from our production process is the only acceptable strategy for turning Fiven into a truly green player in the long term. Consequently, through the establishment of this sustainability-linked bond framework (the "**Framework**") and the issuance of our sustainability-linked bonds (the "**Bonds**"), we aim to better align the objectives of our Environmental Roadmap with Fiven's financing strategy in order to create a stronger link between our operations and how they affect the environment that we operate in.

SLB component 1: Selection of key performance indicators

The ICMA Sustainability-Linked Bond Principles prescribes that issuers should set targets that are consistent with their overall sustainability strategy. Consequently, when selecting Key Performance Indicators ("**KPIs**") for our Framework, we have carefully selected KPIs included in our Environmental Roadmap to 2050 (as communicated in our Annual Report and on our webpage) which we deem to be direct and meaningful for reducing the environmental impact of our production process. The KPIs chosen are directly linked to our emissions to air (measured through emissions of CO_2 and SO_2 per ton produced silicon carbide) and consumption of freshwater in our production process (measured as the total amount of water withdrawal in m^3). These KPIs are further explained in detail below, including an explanation of the rationale behind each KPI.

Silicon Carbide is produced through a production method called the "Acheson Process" where two primary input materials, quartz and petroleum coke, are heated at a maximum temperature of 2,400 °C in either an open or close-ended furnace, i.e. an "Acheson Furnace". Taking the vast breadth of Fiven's production and commercial footprint into account, it is deemed that a significant share of our environmental impact stems from the production of crude silicon carbide, or through the post-furnace production treatment thereof. This is supported by a carbon footprint assessment conducted on our business in early 2021, where it is estimated that some 93% of our global emissions stems from process emissions, raw material inputs as well as energy. Our main emissions to air are generated during the Acheson Process where the use of petroleum coke results in emissions of CO_2 (also incl. CO_2 equivalents [5]) as well as emissions of SO_2. Further, while not covered in the carbon footprint analysis albeit deemed material for our environmental impact, is our water withdrawal used for chemical treatment of the produced SiC grains, which has been identified as a key sustainability concern across several industries. [6]

Emissions of CO_2 and SO_2 have been identified as the largest contributors to Fiven's air emissions and have consequently been targeted as key levers for Fiven to reduce its environmental impact through targeted efforts to minimize the relative emission levels per production volume. Equivalently, as water withdrawal has been identified as a main resource extraction during the chemical treatment process, the absolute level of water usage has been added as a KPI to capture our environmental impact throughout the whole production process.

In summary, the chosen set of KPIs aligns well with our overall sustainability strategy which, in total, addresses five different axes across which we aim to drive our overall strategy and operational steering; including social aspects, local anchorage, business ethics, environment and health & safety, thus also covering the full breadth of the ESG spectrum.

(5) Apart from CO_2 and SO_2, also including CH_4 and CO (IPCC, 1996).
(6) (Refinitiv, 2019).

Naturally, the chosen KPIs seek to support the environment axis of our CSR policy, which explicitly sets out our intention to limit the impact of our activities on the environment, using our newly established Environmental Roadmap to 2050 as guidance.

a) CO_2 emissions

Defined as total CO_2 emissions (in tons) per ton produced silicon carbide

Emissions from the production of silicon carbide are calculated based on internal estimation methodologies. While the estimation method is complex and depends on several variables including e.g. the type of silicon carbide that is being produced, its purity, carbon content, etc., the relationship can be summarized into the following expression:

$$\mathrm{CO}_2 = \text{Activity data}_{\mathrm{CO}_2} \times \text{Emission factor}_{\mathrm{CO}_2}$$

Where Activity data is defined as the amount of produced silicon carbide in tons, and where the $\text{Emission factor}_{\mathrm{CO}_2}$ is a variable determined by variations in raw materials as well as process variations. The $\text{Emission factor}_{\mathrm{CO}_2}$ consequently constitutes equivalent of tons CO_2 per ton produced silicon carbide, which allows for the following rearrangement:

$$\text{Emission factor}_{\mathrm{CO}_2} = \frac{\mathrm{CO}_2}{\text{Activity data}_{\mathrm{CO}_2}}$$

The carbon content in petroleum coke generally amounts to 85%-92%. The input material also varies in its content of volatile components such as hydrocarbons. There are also variations in the process itself; since the Acheson Process is a batch process, and since the reactions include many part reactions that differ from batch to batch due to variations in the mix of quartz and petroleum coke, the reactivity of the coke, etc. This implies that the output of CO_2 per produced ton of SiC is likely to differ between different producers and sites. However, the Norwegian Environmental Agency stipulates a proxy of 2.62x for the $Emission\ factor_{CO_2}$. For the baseline year 2019, Fiven reported an $Emission\ factor_{CO_2}$ of precisely 2.62x for the Norwegian and Brazilian manufacturing sites; based on dividing the 2019 $\mathbf{CO_2}$ estimate of 200,262 tons with the 2019 silicon carbide production volume of 76,474 tons. The corresponding figure for 2020 was 2.63x based on a $\mathbf{CO_2}$ estimate of 203,593 and a total production volume of 77,274 tons SiC. However, to take the full emissions from its production plants, Fiven proposes to adjust the $Emission\ factor_{CO_2}$ in order to also include emissions from consumption of light fuel for production, i.e.:

$$\text{Adjusted Emission factor}_{\mathrm{CO}_2} = \frac{\mathrm{CO}_2 \text{ from SiC production} + \mathrm{CO}_2 \text{ from light fuel}}{\text{Activity data}_{\mathrm{CO}_2}}$$

Input variables and relevant calculation methods for assessing the $Adjusted\ Emission\ factor_{CO_2}$ will be provided as part of the annual reporting/verification requirements applicable under the Framework.

b) SO_2 emissions

Defined as total SO_2 emissions (in tons) per ton produced silicon carbide

The internal methodology for estimating SO_2 emissions is based on the same factorization as the CO_2 methodology, however by assessing another value for the emission factor, i.e. $Emission\ factor_{SO_2}$, varying with respect to e.g. variations in the sulphur content of the input materials. In addition, personnel at the Norwegian manufacturing plant carry out measurements four times per annum in order to ensure compliance with Fiven's permit from the Norwegian Government Environmental Agency and to monitor the evolution of our SO_2 emissions based on production levels.

When projects are completed to reduce emissions, we deduct the resulting reduction in emissions from the calculated numbers. As with the CO_2 KPI, input variables and relevant calculation methods for assessing the $Emission\ factor_{SO_2}$ will be provided as part of the annual reporting/verification requirements applicable under the Framework.

c) Water withdrawal:
Defined as total volume of water withdrawal (in m^3)

Water withdrawal concerns the consumption of ground, tap, and municipal water for the post-production refinement of finalized silicon carbide products. To monitor such withdrawal, Fiven has established an internal reporting system for the actual volumes withdrawn for refinement at each plant per annum. One of the principal levers for reducing the withdrawal of water and progressing towards the targeted KPI levels in the Environmental Roadmap will be the improved utilisation of rainwater.

Definitions and KPI restrictions

The KPIs listed above are defined and measured on a consolidated corporate level, thus mirroring the full group as operated today. However, to reflect the fact that Fiven's Venezuelan plants are currently on standby due to both the political and the financial situation in the country (and expected to remain inactive for the foreseeable future), these manufacturing sites have been excluded from the scope of each respective KPI. The Venezuelan manufacturing sites had no production in 2020 and will continue to be excluded from the KPIs going forward as production is not expected to be recommenced going forward.

2019 has been selected as the baseline year for the KPIs due to the fact that (i) it was the first year of operations for the new, stand-alone entity outside of Saint-Gobain and (ii) reduced volumes during 2020 as a result of the COVID-19 pandemic would create an artificially low baseline.

As regards scope considerations, KPIs are relevant from a scope 1 perspective; however, as stipulated in the Environmental Roadmap, our aim is to also approach both scope 2 and 3 for the CO_2 KPI going forward. One of the main environmental projects for 2021 was to perform a carbon footprint assessment (completed in Feb-Apr 2021) with the aim of analyzing the potential for implementing all three scopes. For reporting/verification requirements applicable under the Framework however, the CO_2 KPI will be treated as scope 1.

Note that Fiven will not change the internal methodology to quantify performance under its KPIs during the tenor of the Bonds to provide investors with a consistent set of data over the bond period.

SLB component 2: Calibration of Sustainability Targets

In accordance with our Environmental Roadmap and objective of becoming a net zero emissions company by 2050, we target a significant reduction in all three KPIs already by 2025 and 2030. The target trajectory of each KPI represents a considerable reduction of our environmental impact from production and corresponds to a material improvement beyond "business as usual" as it will require total capex spend of approx. EUR 12m within the next three years alone. The target intervals of initially five and ten years have been set as they encourage both short-term initiatives (for greater accountability), as well as a long-term perspective on the risks and opportunities that may emerge both internally and externally. Note that the intervals are also consistent with those stipulated in the Environmental Roadmap.

KPI Targets for 2025 and 2030

Base year = 2019	**CO_2 emissions**	**SO_2 emissions**	**Water withdrawal**
2019-2025	(9.0%) reduction	(15.0%) reduction	(10.45%) reduction
2019-2030	(20.0%) reduction	(30.0%) reduction	(20.40%) reduction

The above table sets out the environmental objectives set forth by Fiven until 2025 and 2030 respectively; together, they act as the base for the KPI trajectory with annually projected levels of emissions to air (CO_2 and SO_2) and water withdrawal (together, the "**SPT Trajectory**"). Bonds under the Framework will in its security-specific legal documentation ("**Bond Documentation**") refer to the date at which compliance with the SPT Trajectory will be assessed, which is 30 days prior to (a) the Final Redemption Date, or (b) such earlier date when the Bonds are redeemed in full (the "**Target Observation Date**"). On such Target Observation Date, compliance with the SPT Trajectory can be achieved in full or, if at least one KPI meets (or is lower than) the corresponding value set out in the SPT Trajectory for that specific Target Observation Date, in part. If a Target Observation Date, and hence the measurement of the SPT Trajectory, takes place intra-year,

then the SPT for that Target Observation Date shall be calculated using linear interpolation between the annual test levels immediately preceding and immediately following the Target Observation Date. Each respective SPT and its corresponding trajectory will also be outlined in the Bond Documentation.

To meet the ambitious targets outlined by the Environmental Roadmap and the SPT Trajectory, Fiven has prepared a well-defined action plan (the "**Sustainability Performance Action Plan**") highlighting tangible and plant-specific technical, operational and digital measures expected to significantly improve environmental performance over the coming years. Note that the first five years of the SPT Trajectory feature a higher level of granularity with respect to the stipulated levels as these will be directly impacted by tangible near-term initiatives as set out in the Sustainability Performance Action Plan.

SPT Trajectory

As mentioned above, the SPT Trajectory is based on a set of measures identified and set out in the detailed Sustainability Performance Action Plan. We have prepared an individual plan for each production facility and the trajectory represents the chosen KPIs on consolidated levels as the Sustainability Performance Action Plan develops towards 2030. The full, detailed SPT trajectory is illustrated below.

		Base year				
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Tons CO_2 (per tons of SiC)	2.59	2.68	2.70	2.68	2.68	2.68
Tons SO_2 (per tons of SiC)	0.019	0.018	0.019	0.049	0.039	0.035
Water withdrawal (m^3)	1,177,408	1,201,029	1,140,285	1,190,000	1,171,073	1,159,123

	Mid-term goal						Long-term goal	
2024	**2025**	**Δ2019-25**	**2026**	**2027**	**2028**	**2029**	**2030**	**Δ2019-30**
2.60	2.44	(9.0%)	2.41	2.39	2.36	2.28	2.15	(20.0%)
0.016	0.015	(15.0%)	0.015	0.014	0.014	0.013	0.013	(30.0%)
1,147,173	1,075,475	(10.45%)	1,051,575	1,027,676	1,003,776	979,877	955,978	(20.40%)

(a) External verification of historical performance

The ICMA Sustainability-Linked Bond Principles encourages issuers to, when possible, select KPIs that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected. Historically, Fiven has not made performance of the three above KPIs available and will as such provide historical KPI values covering the last three years (2018, 2019 and 2020), as according to the ICMA Sustainability-Linked Bond Principles. As further prescribed by the ICMA Sustainability-Linked Bond Principles, Fiven shall procure that the historic KPI levels for 2018, 2019 and 2020 are verified by an external reviewer (as set out in the Bond Documentation) (the "**Historical Review**") as soon as possible following the first issue date of the Bonds, and in any case no later than 60 days falling after the first issue date. If an external reviewer (as set out in the Bond Documentation) upon conducting Historical Review, concludes that any of the historic KPI levels for 2018, 2019 or 2020 are:

a) higher than the relevant historic KPI level disclosed in Framework, no adjustment shall be made to SPT Trajectory; *or*

b) lower than the relevant historic KPI level disclosed in the Framework, the SPT Trajectory shall be adjusted to neutralise the effect such that the updated SPT Trajectory shall present an equal or higher ambition level compared to the SPT Trajectory in the original Framework (the "**Sustainability Performance Target Adjustment**"); provided that any such Sustainability Performance Target Adjustment shall be approved by an external reviewer (as set out in the Bond Documentation)

Fiven shall as soon as practicable notify the Bondholders of any Sustainability Performance Target Adjustment by issuing a press release and make available an amended version of the Framework (reflecting the Sustainability Performance Target Adjustment) on its website (or on another relevant public information platform).

Improvements completed during 2019-2021 YTD

During 2019, we initiated a project to capture SO_2 emissions directly at the Acheson furnaces in Norway which, by the end of 2021, will lead to approx. 50% of the furnaces being fully covered, thus resulting in lower SO_2 emissions at the Norwegian manufacturing plants. A similar project was recently initiated at the Brazilian manufacturing site which resulted in one of the Brazilian furnaces being covered during 2022.

The next step in the process of covering the furnaces in Norway is to simultaneously capture CO_2 emissions through the implementation of new technology during the covering. A further step towards reducing CO_2 emissions is a project which we initiated in 2020 to replace parts of our petroleum coke consumption with biocarbon sources.

Several projects have already been launched to reduce our water consumption and to increase the volumes of rainwater usage in Brazil during 2020. In 2021, our aim is to further improve our already existing water treatment plant in Norway to allow us to reuse approx. 20,000 m^3 of water.

Mid-term development (2019-2025)

For the remainder of the period to 2025, our detailed Sustainability Performance Action Plan defines numerous projects aimed at driving improvements in our KPIs. However, taking into consideration that many of these projects/initiatives are expected to be implemented from 2022 and beyond, the period up until then mostly represents a transition period in the sense that limited changes are expected throughout 2021-2022. This holds true especially for the SO_2-related KPI which is expected to see an increase between 2020 and 2021 due to. consumption of a different petroleum coke quality featuring a somewhat higher sulphur content (driven by the market price evolution of low sulphur petroleum coke). The main actions for the period are however summarised below:

- Assessment and implementation of alternatives to petroleum coke, including the use of several identified biocarbon sources
- Two-fold strategy to capture emissions to air through additional closing of our Acheson furnaces as well as through new CO_2 capture technology which is currently being investigated through a carbon footprint analysis and defined action plan on scope 2 and 3
- Intensify our circular economy agenda through recycling of mainly water used for post-production refining of crude silicon carbide
- Implementation of a new corporate policy relating to water management

(a) Sustainability Performance Action Plan Review

In conjunction with the Target Observation Date, Fiven commits to performing and publishing an external review of whether at the time there exists a viable short term-plan until end 2025 that quantifies and explains if and how the 2025 targets for each KPI shall be met (the "**Sustainability Performance Action Plan Review**").

Long-term development (2025-2030)

Between 2020-25, and as part of the long-term Sustainability Performance Action Plan, Fiven aims to launch multiple projects /studies with expected impact during 2025-30 that are set to drive a steeper decline in the trajectory of the chosen KPIs than in the mid-term perspective. To execute on these targets, conventional production measures will have to be reassessed from a structural perspective and will build on ambitious projects to capture mainly air emissions in both Norway and Brazil.

Benchmarking

Fiven acknowledges that there is an overall lack of external benchmarks to which its ambitions can be compared to industry peers and regulatory goals and ambitions. Note however that we find support for the level of ambitiousness to our Sustainable Performance Targets ("**SPTs**"), and their representation of being beyond "business as usual" through the ambition of achieving a global carbon emission factor of 2.44x [7] by 2025, as compared to the relative industry benchmark

(7) Also including emissions from light fuel.

of 2.62x [8]. It should further be highlighted that our long-term aim of turning Fiven into a net zero emissions company by 2050, to which the 2025 goal is a key milestone, is in line with the EU Green Deal [9] and therefore also Paris aligned.

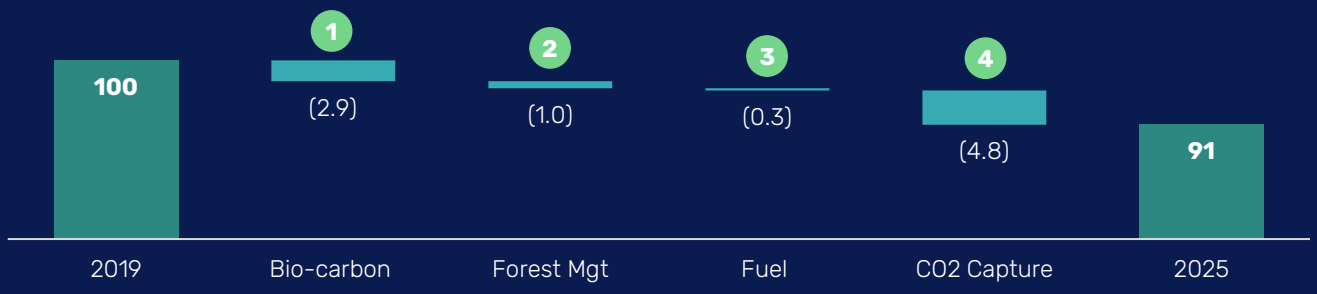
As regards competitors, we would further like to highlight that the full-scale pilot of our next generation of Acheson furnace technology is a first-of-its-kind in the industry, and conceptually different compared to what is currently applied by competitors in e.g. the US, Netherlands and China.

As a final remark, it should however be mentioned that while water withdrawal is recognised as a key metric in the market, Fiven has not been able to identify a relevant external reference of benchmark.

(8) (IPCC 2006, IPCC 2019, Norwegian Environment Agency 2021)
(9) Link to the European Commission's webpage regarding the EU Green Deal.

Sustainability Performance Action Plan

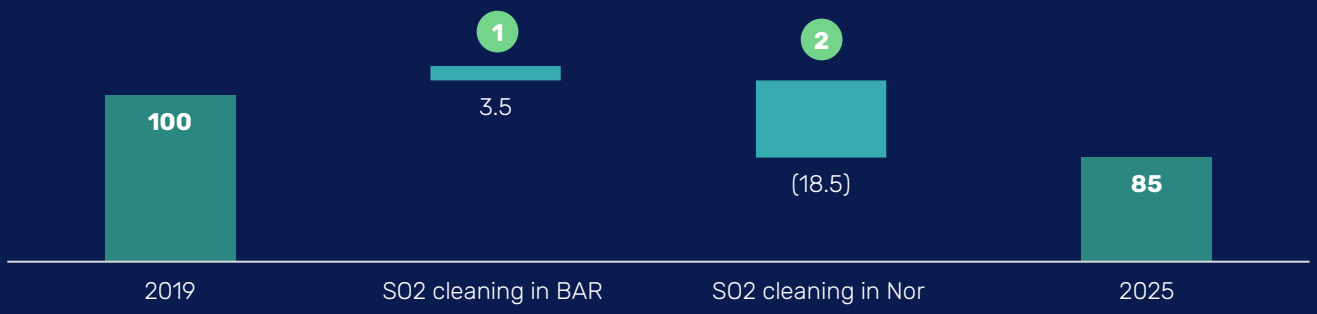
CO_2 emissions (2019 - 2025)
Tons per ton produced silicon carbide, index year = 2019



Drivers behind development

1) Bio carbon source project: Test of rice husk and charcoal as an alternative to petroleum coke. Deployment at Norway manufacturing site in 2023 with target of total reduction of approx. 6,000 tons CO_2 p.a. with full effect from 2024
2) Forest management at the Brazilian manufacturing site (~400,000 trees planted as of today[10]), estimated to capture an additional 2,000 tons CO_2 from 2025 and onwards
3) Fuel consumption projects across all manufacturing sites aimed at generating savings of approx. 700 tons CO_2 p.a. with full effect from 2024 and onwards
4) Capture in Norway through closing of furnace groups, estimated generate savings of approx. 9,800 tons CO_2 p.a. with full effect from 2025 and onwards

SO_2 emissions (2019 - 2025)
Tons per ton produced silicon carbide, index year = 2019

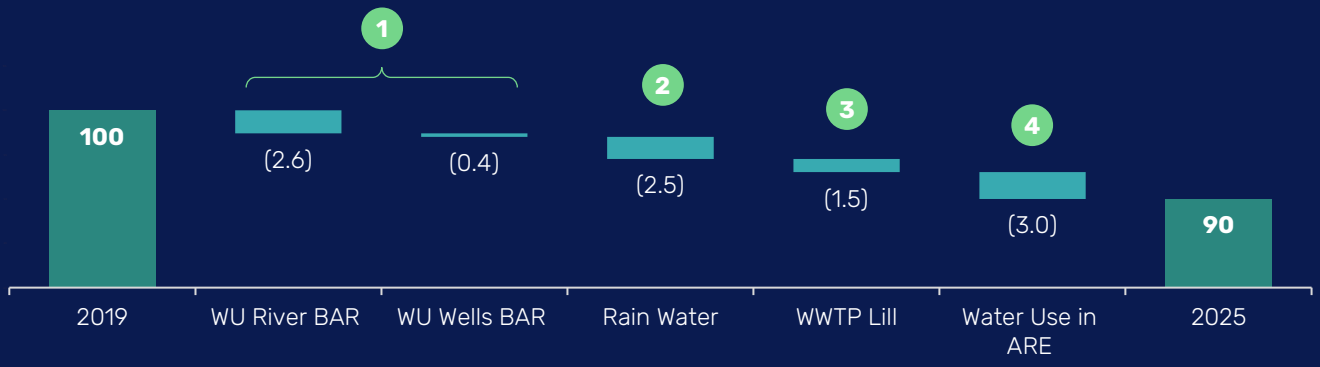


Drivers behind development

1) Slight increase in relative SO_2 emissions expected due to sourcing of cheaper raw material input with higher sulphur content following significant price increases during 2020/2021. Total effect until 2025 expected to be offset through sourcing of petroleum coke with lower sulphur content starting from 2024 and through furnace covering (expected cover-rate of 40% for all furnaces in in 2024)
2) Significant reduction of SO_2 emissions stemming from furnace covering project. Four furnaces are expected to be covered by 2021, 50% of furnaces by 2022 and all furnaces covered by 2023

(10) Forest management also conducted under the Saint-Gobain ownership.

Water withdrawal (2019 - 2025)
M^3, index year = 2019



Drivers behind development

1) Water usage project at the Brazilian manufacturing site, comprising a reduction of consumption of (i) river water and (ii) well water; expected impact of approx. 39.7 km^3 p.a.

2) Rainwater collection project at the Brazilian manufacturing site, with additional opportunity to investigate a similar action in Norway; expected impact of approx. 72.0 km^3 p.a.

3) Wastewater treatment plant at the Norway manufacturing site aimed at improving water quality and reducing heavy metals; possibility to reuse approx. 20 km^3 p.a. in the process

4) Water use reduction plan at the Arendal processing facility

SLB component 3: Bond characteristics

The Bonds contain the characteristics of conventional bonds, together with the provisions below that regulate the effect of not achieving KPI performance as set out by the SPT Trajectory, and/or not performing according to relevant reporting requirements and external verification.

Sustainability-Linked Redemption Premium

In the event that Fiven should fail to provide due support for meeting the SPTs at the applicable Target Observation Date (as set out in the Bond Documentation), the financial characteristics of the Bonds will automatically be amended to include an additional redemption premium (the "**Sustainability-Linked Redemption Premium**") which, at most, can amount to 0.50 per cent of the nominal amount under the Bonds (the "**Maximum Sustainability-Linked Redemption Premium**"). The applicable Sustainability-Linked Redemption Premium shall be equal to:

a) The Maximum Sustainability-Linked Redemption Premium; *less*

b) one third (1/3) of the Maximum Sustainability-Linked Redemption Premium (rounded down to two (2) decimals) for each KPI where the Fiven meets the SPT for each KPI on the Target Observation Date, provided that Fiven no later than 15 days after the Target Observation Date publishes the Sustainability Performance Action Plan Review confirming that the Sustainability Performance Action Plan with respect to each KPI is viable and possible as per the Target Observation Date

For the avoidance of doubt, this implies that for each SPT which Fiven provides due support for meeting at the applicable Target Observation Date and is likely to meet for end 2025 (as set out in the Sustainability Performance Action Plan Review), the Maximum Sustainability-Linked Redemption Premium shall be reduced by one-third of the Maximum Sustainability-Linked Redemption Premium, i.e.:

$$\frac{1}{3} \times 50 \text{ basis points} = 16.67 \text{ basis points.}$$

Historical review

If the issuer fails to complete the Historical Review within 60 days falling after the first issue date of the Bonds, the Sustainability-Linked Redemption Premium shall be equal to the Maximum Sustainability-Linked Redemption Premium (notwithstanding if the SPTs are met).

Fallback mechanisms

Irrespective of any changes to the long-term strategy or CSR and/or ESG-agenda of Fiven, the relevant KPIs and SPTs set out in the Framework shall remain applicable throughout the tenor of the Bonds. However, in the event of an acquisition by Fiven of a company which affects performance under the SPT Trajectory, Fiven retains the right to test compliance/non-compliance based on a pro forma adjusted SPT Trajectory taking into account such acquired company (provided that such updated SPT Trajectory shall present an equal or higher ambition level compared to the SPT Trajectory in the original Framework). Such updated SPT Trajectory shall be published in an amended version of the Framework no later than 90 days following the acquisition date of the relevant company and any pro forma adjustment to the SPT Trajectory shall be verified and approved by an independent external reviewer (as set out in the Bond Documentation).

SLB Component 4: Reporting

To maintain the highest degree of transparency towards our investors and stakeholders, Fiven will make a report (the "**Sustainability-Linked Bond Progress Report**") available on its website following issuance of the Bonds. The Sustainability-Linked Bond Progress Report will be published in connection with publication of our Annual Report and in any event no later than 15 days following the applicable Target Observation Date as specified in the Bond Documentation.

The Sustainability-Linked Bond Report will include, *inter alia*, an externally verified assurance report tracking performance against the relevant SPTs and will contain all relevant information required to assess KPI performance versus the SPT Trajectory for the relevant time period and, if applicable, whether each SPT has been met for the Target Observation Date. This includes, but is not limited to:

- The KPI performance for the relevant time period and the basic calculation for the KPIs
- KPI performance against the SPT Trajectory for the relevant time period
- A comment by the HSE/CSR director, outlining the major activities and steps taken in relation to the KPI development by Fiven during each reporting year, as well as outlining the sustainability impacts resulting from the performance

SLB Component 5: Verification

Fiven will on an annual basis seek independent and external verification, by a qualified external reviewer (as set out in the Bond Documentation) with relevant expertise, of our performance against the SPTs. This verification will be made publicly available on Fiven's website, together with the Sustainability-Linked Bond Progress Report.

External review

Fiven has obtained a Second Party Opinion from DNV to confirm the transparency of this framework and its alignment with the ICMA Sustainability-Linked Bond Principles. The Second Party Opinion will be made available on our website together with this framework.