



JOTUN

Jotun Protects Property

Green Financing Framework
FEBRUARY **2024**

Contents

| | |
|---|-----------|
| ABOUT JOTUN | 03 |
| SUSTAINABILITY | 04 |
| Environmental | 05 |
| Social | 09 |
| Governance | 09 |
| JOTUN'S GREEN FINANCING FRAMEWORK | 10 |
| 1. Use of Proceeds | 11 |
| 2. Selection and evaluation of green projects | 12 |
| 3. Management of proceeds | 12 |
| 4. Reporting | 13 |
| 5. External Review | 13 |

Photos: AdobeStock (cover and p. 2), @jotunlady/Anders Schonemann (p. 3), Jotun (p. 7, 8 and 13), Morten Rakke (p. 9 and 10)



About Jotun

Jotun has protected property for almost a century – from iconic buildings to beautiful homes. As one of the world’s leading paints and coatings manufacturers, we combine high quality with creativity and innovation. Jotun operates in over 100 countries, with 66 companies and 40 production facilities, and employs more than 10,300 people.

Jotun operates in four segments: Decorative Paints, Marine Coatings, Protective Coatings, and Powder Coatings. Each segment offers its own solutions, but they all share our vision of using paints and coatings to protect property. Our primary industries include homes, architecture and design, infrastructure, light industry, shipping, and energy.

DECORATIVE PAINTS

Jotun Decorative is a leading paint supplier to commercial buildings, public buildings, and homes, serving professionals and consumers through an extensive network of Jotun Multicolor centres.

MARINE COATINGS

Jotun is the market leader in anti-fouling, primers, and topcoats for the maritime industry, delivering high-quality coatings for newbuildings, drydocking, seastock, cargo holds and tank projects, as well as for leisure yachts.

PROTECTIVE COATINGS

Jotun is a leading supplier of high-quality protective coatings for onshore and offshore oil and gas facilities, power generation, renewable energy, and infrastructure projects, including intumescent coatings, topcoats, high-temperature coatings and state-of-the-art, proven anti-corrosion protection products.

POWDER COATINGS

Jotun Powder Coatings is a leading supplier to companies active in industries related to building components, general industries, pipelines, and appliances and furniture.



Sustainability at Jotun

Since its start in 1926, Jotun has been committed to protecting people, property, communities, and the environment.

Sustainability is ingrained in our business model, providing a lasting competitive edge. It guides decision-making across the organisation and underscores our commitment to a sustainable future. Recognising the crucial role of paints and coatings in this endeavour, we prioritise responsible actions to protect property with minimal environmental impact.

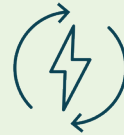
Our sustainability strategy sets clear targets to improve the company's environmental and social performance, supported by robust governance policies consistent with our core values – Loyalty, Care, Respect, Boldness.

Jotun's 2030 Ambitions



50 %

Reduced carbon footprint
(baseline 2017)
Scope 1 and 2, Corporate Standard,
Greenhouse Gas Protocol



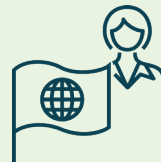
70 %

Renewable electricity



>40 %

Female managers at
Jotun headquarters



>30 %

Female managers globally

Environmental

Jotun’s approach to sustainability seeks to minimise the company’s environmental impact, from sourcing raw materials and manufacturing and distributing products and services to using, reusing, and recycling products and materials.

For the past decade, these elements have been managed through Jotun GreenSteps, which has served as the company’s environmental framework to track, document, and improve environmental performance and covers Jotun’s activities across the whole value chain. By reducing the environmental footprint of the company’s operations and working with suppliers and customers to improve their performance, Jotun is in a solid position to make a genuine impact. By supplying high-quality, long-lasting products and



solutions that prolong the lifecycle of customer assets, Jotun helps reduce the use of resources.

In the future, more Jotun GreenSteps projects will extend to upstream and downstream activities. These include influencing suppliers, designing innovative products that use less hazardous materials, enabling customers

to reduce emissions, working with customers on handling hazardous materials and waste, and sharing information on how Jotun products and solutions can help customers reduce their carbon footprint. This way, Jotun GreenSteps is a shared responsibility among employees and involves suppliers, partners, and organisations in every part of Jotun’s value chain.

Jotun Value Chain Model

– a holistic sustainability approach



The Value Chain Model is a holistic, systematic framework that allows Jotun to understand and document the impact of products and solutions throughout the value chain and the lifetime of the protected asset. The model includes the selection of raw materials and the innovation of products and solutions (Input), the impact of Jotun production activities (Operations) and how Jotun products are used, applied, and maintained (Usage). This approach to sustainability enables the company to set goals and introduce activities to improve environmental performance.

Jotun evaluates the environmental impact of its products throughout their life cycle, considering upstream and downstream effects. This process, known as Life Cycle Assessments (LCAs), helps customers meet regulations, record performance, and achieve sustainability objectives.

LCAs also contribute to creating Environmental Product Declarations (EPDs), standardised documents that transparently communicate a product’s environmental impact. Jotun’s EPDs undergo independent verification by the Norwegian Institute for Sustainability Research (NORSUS). The company ensures credibility by documenting all sustainability claims using scientific, standardised methods and tools within its Value Chain Model, which incorporates data from various sources.

INPUT

To create value for both Jotun and its customers, the company seeks to develop safe, efficient, and long-lasting products that meet the needs of specific customer groups. Jotun’s Research and Development department works closely with purchasing personnel during product

development to ensure responsible sourcing and use of raw materials.

Jotun's Chemical Policy, aligned with European chemical regulations such as BPR, CLP and REACH, amongst the strictest globally, ensures chemicals that may represent a risk to health and the environment are avoided or restricted. The "Substitution Principle" is essential to achieve this, which requires Jotun companies to avoid using the most hazardous chemicals.

OPERATIONS

Jotun aims to cut its carbon footprint (Scope 1 and 2) by 50 per cent by 2030, focusing on reducing electricity consumption mainly from fossil fuels. The company is committed to improving energy efficiency, aiming for 70 per cent renewable electricity by 2030.

To overcome limited access to renewable energy in its factory locations, Jotun prioritises solar power installations, with significant investments in Malaysia and Oman, the latter providing 50 per cent of energy needs with renewable solar power.

In addition, Jotun has other ongoing initiatives, including installing energy-efficient systems and meters and addressing issues like air compressor leakages. Projects also involve collaborating with suppliers to lower carbon emissions in transport.

Efficient material use and waste reduction are integral to Jotun's strategy, emphasising the reuse or recycling of plastics, chemicals, processed water, paint, and more across the value chain. Waste management, a core of Jotun GreenSteps, involves cooperation with local recycling centres and closer work with suppliers providing renewable and reusable products. Jotun is gearing up for scope three waste reporting, enhancing monitoring of waste categories and end-of-life treatment for targeted reductions.

USAGE

Jotun works with customers and applicators to manage the efficient preparation, application, and maintenance of surfaces and supports the proper recycling of packaging and handling of waste. For example, in 2022, Jotun Norway launched a project to use recycled plastic in decorative paint cans. It worked with two recycling organisations to make it easier for consumers and professionals to recycle used paint cans.

Avoided emissions

– benefits for our customers by using Jotun's solutions

By utilising available data, Jotun can also calculate potential avoided emissions for the customers. For example, Jotun measures how its advanced hull performance solutions reduce fuel consumption and corresponding emissions. Likewise, Jotun's long-lasting steel protection solutions prolong the assets' lifetime, thus avoiding maintenance or steel replacement emissions. Jotun can support customers' sustainability goals while reducing downstream impacts by documenting and sharing data on products and solutions that can contribute to avoided emissions.

To achieve Jotun's environmental sustainability goals and build competence throughout the organisation, Jotun has partnered with other companies, organisations, consortiums, and non-governmental organisations to understand, improve, and document impacts. Jotun is engaged in sustainability projects with partners such as Kongsberg Maritime, DNV, the Bellona Foundation, SINTEF, NTNU scientists and the non-profit tech foundation TERRAVERA. By cooperating with partners within Jotun's Value Chain Model framework, Jotun can improve its environmental impacts and contribute to customers' sustainability goals.

Jotun's contribution to "green shipping"

The International Maritime Organization (and other regional and national regulators) have introduced legislation and policies requiring owners and ship managers to reduce greenhouse gas emissions to combat climate change. While some owners and ship managers have sought to manage emissions by investing in new engine types and alternative

fuel systems, many have also recognised the value of advanced hull performance solutions to reduce fuel costs and corresponding emissions. Jotun Hull Performance Solutions (HPS) helps lower the carbon intensity of ship operations through reduced fuel consumption.



HPS | Hull Performance Solutions

Maximise hull performance

Utilising the expertise and knowledge within the field of marine coatings, Jotun launched Hull Performance Solutions (HPS) in 2011. Jotun has calculated that HPS helps lower carbon intensity from ship operations by an average of about 15 per cent.

HPS consists of four key elements which work together to optimise performance:

- High performance antifouling
- High-end technical service
- Performance analysis
- Performance guarantee

Furthermore, regulators have introduced policies targeting the impacts of alien invasive species connected to biofouling, threatening the world's freshwater, coastal and marine ecosystems. Jotun's proactive hull cleaning

system, Hull Skating Solutions (HSS), removes the fouling at a microfouling stage before it becomes a biosecurity risk, reduces bunkering costs, and helps to lower greenhouse gas emissions.



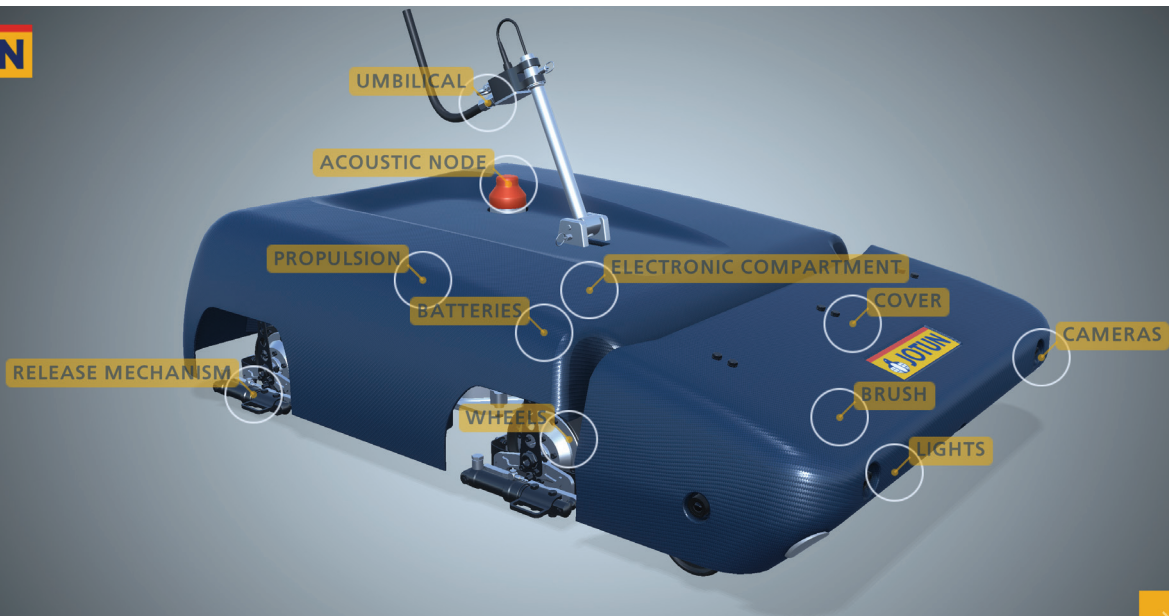
HSS | Hull Skating Solutions

Always clean hull - for the most challenging operations

Jotun Hull Skating Solutions (HSS) utilises proactive cleaning to combat early-stage fouling and maintain an always-clean hull, even in the most challenging operations.

HSS consists of five key elements, which together constitute a groundbreaking approach to in-service hull performance:

- High performance coatings
- Proactive condition monitoring
- Inspection and proactive cleaning
- High-end technical service
- Clean hull guarantee



Eligible green projects spotlight: Jotun HullSkater

Teams of divers typically do the traditional hull cleaning process. It is a labour-intensive and costly process that may lead to off-time for chartered ships and damage to the hull coating. This method also harms local ecosystems, as the removed matter is deposited on the seabed or drifting in the water. Consequently, cleaning by divers is not permitted in many ports, with several more threatening controls or complete bans due to pollutants and biosecurity risks. This makes it difficult to follow the International Maritime Organisation’s biofouling guidelines and has led to rethinking current coating and cleaning strategies. The groundbreaking new proactive cleaning approach is engineered to always keep the hull free of fouling compared to conventional reactive cleaning methods. It involves cleaning the hull regularly before hard growth takes hold and before changing the geographical bio-

environment to reduce the risk of transporting invasive species. This method is less aggressive, causing less damage to the coating and local environment while reducing fuel consumption on passage. According to a report by GloFouling in October 2022, protecting ships from biofouling would enable the industry to cut CO₂ emissions by as much as 19 per cent¹.

The Jotun HullSkater is a disruptive technology for underwater inspections and proactive hull cleaning. The system uses non-abrasive brushes to remove bacteria and biofilm before macro-fouling takes hold without damaging the anti-fouling coating. The HullSkater reduces fuel consumption and CO₂ emissions by up to 16.2 per cent² and minimises performance loss with no debris or waste, preventing the spread of alien species.

1. GEF-UNDP-IMO GloFouling Partnerships Project and GIA for Marine Biosafety, 2022, *Analysing the Impact of Marine Biofouling on the Energy Efficiency of Ships and the GHG Abatement Potential of Biofouling Management Measures*.

2. The reduction in fuel consumption and CO₂ emissions is calculated using Jotun’s methodology and has not been verified externally.

Social

Jotun prioritises social sustainability through its human rights policy, aligned with the United Nations Guiding Principles on Human Rights and the International Labour Organisation (ILO) Declaration. The company follows the United Nations Global Compact (UNGC) to contribute to a sustainable and inclusive global economy.

Jotun is dedicated to fostering a safe, diverse, and inclusive workplace. It values diversity in gender, generation, and ethnic background, measured by national representation. The company engages with suppliers, customers, and charitable groups in its communities. Initiatives like the Penguin CARE Programme provide family support, and the

Jotun Academy offers comprehensive training for career development. Global Mobility programs enable employees to advance internationally.

Jotun's Health, Safety, Environment, and Quality (HSEQ) strategy aims to continuously improve safety and quality throughout the value chain, with a zero-tolerance approach to injuries, fires, and spills. The HSEQ Management System ensures uniform application of policies across facilities, with standardised Key Performance Indicators and periodic audits. Investments in automation, like filling machines and robots, enhance workplace safety. Some factories utilise closed-loop systems to reduce health risks from dust or emissions.

Governance

Jotun's clearly defined and transparent governance framework safeguards uniform operations and control functions through policies and processes. It is grounded in Jotun's values, Business Principles, and commitments to sustainability that extend throughout the company. It describes how the company is directed, managed, and controlled to ensure sound decision-making, risk management and responsible operations.

As a signatory to the UN Global Compact, Jotun commits to responsible business practices in human rights, labour, the environment, and corruption. The UN Global Compact's Ten Principles help businesses conduct activities responsibly, ethically, and sustainably. Furthermore, as a member of Transparency International Norway, Jotun is committed to zero tolerance of all forms of corruption and to working for the implementation of positive values, business principles and anti-corruption programs covering all areas of the organisation.



Jotun's Green Financing Framework

Sustainability is the core of Jotun's corporate strategy. Establishing a Green Financing Framework (the "Framework") is a further step towards increasing Jotun's engagement and investments in a more sustainable direction. The Framework enables Jotun to mobilise debt capital through green financial instruments, which support investments contributing to climate change mitigation and achieving climate roadmap targets.

Jotun is committed to aligning with emerging industry standards, and as these standards progress, this Framework may be revised or updated to align with future changes in market practices. The Framework is structured in alignment with the 2021 ICMA Green Bond Principles (GBP) and the 2023 LMA, APLMA and LSTA Green Loan Principles (GLP), which consist of four core components and recommendations for external review.

The terms and conditions of the underlying documentation for each green financial instrument issued by Jotun shall provide a reference to this Framework. DNV has provided a second-party opinion, publicly available on Jotun's website. This Framework may be updated over time. However, new versions of the Framework shall have no implications for the green financial instruments issued under this framework.

- 1. Use of Proceeds**
- 2. Selection and evaluation of green projects**
- 3. Management of proceeds**
- 4. Reporting**
- 5. External Review**



1. Use of Proceeds

ALLOCATION OF NET PROCEEDS

An amount equal to the net proceeds from green financial instruments issued by Jotun will finance or refinance, in whole or in part, investments undertaken by Jotun, its subsidiaries, or partnership arrangements by the green project categories defined below (green projects). The Group's main policy with respect to debt funding is that external long-term debt is held in Jotun A/S, with the subsidiaries receiving long-term funding from Jotun A/S in the form of equity and/or intercompany loans. Green projects may take the form of capital and operating expenditures, forming a portfolio of assets eligible for financing and refinancing with green financial instruments. The overarching goal of the green projects is to contribute to climate change mitigation and achieve the company's climate roadmap targets.






FINANCING AND REFINANCING

An amount equal to the net proceeds can finance existing and new green projects financed by Jotun. New financing is defined as amounts allocated to green projects financed within the reporting year, and refinancing is defined as amounts allocated to green projects financed prior to the reporting year. Refinancing of capital expenditures will have a maximum look-back period of three years before the issuance date of the green financial instrument, while operational expenditures will have a maximum look-back period of one year prior to issuance. Jotun's green financing reporting will report the new financing and refinancing distribution.

EXCLUSIONS

Proceeds from green financial instruments will not be allocated to assets or projects for which the purpose of the eligible green assets and projects is fossil energy production, environmentally harmful resource extraction, gambling, or tobacco.

GREEN PROJECT CATEGORIES

| ICMA GBP Category | Eligibility criteria | Mapping to the SDGs |
|--------------------------------------|--|---|
| Renewable energy³ | Renewable energy production facilities, supporting infrastructure, technologies, and solutions, including but not limited to solar photovoltaic energy. |   |
| Energy efficiency⁴ | Proceeds may be used to finance activities, projects, products, equipment, R&D, and related infrastructure, enabling energy efficiency for Jotun or end-users of Jotun's products, with a minimum 15% saving. ⁵ |    |

3. GBP Environmental Objective: Climate Change Mitigation. SDGs: 7.2, 8.4

4. GBP Environmental Objective: Climate Change Mitigation. SDGs: 7.3, 8.4, 9.4

5. Jotun HullSkater is an example of an eligible project under the Energy Efficiency category. Jotun HullSkater provides both energy efficiency benefits as well as pollution prevention and aquatic biodiversity benefits by reducing the transfer of non-native marine species. See the eligible project spotlight for more information.

2. Selection and evaluation of green projects

Jotun's Sustainability Board (SB) is responsible for driving and monitoring improvement activities within sustainability. It comprises the Group Vice President – Strategy and Sustainability, Group Executive Vice President and CFO, Group Vice President – Legal, Compliance and Corporate Affairs, Vice President Marketing Performance Coatings and Vice President Marketing – Decorative Paints.

To select and evaluate eligible green projects aligned with the criteria set out in the "Use of Proceeds" section, Jotun has established a Green Finance Team (GFT) comprised of representatives from Group Treasury and Group Strategy and Sustainability. This responsibility is carried out under the reporting structure to the SB. In addition to selecting and evaluating green projects, the GFT reviews and updates the Green Financing Framework based on changes in Jotun's strategy, market developments, or regulations. The GFT will meet as necessary, and at minimum on an annual basis. Jotun has a systematic approach to identifying and mitigating environmental and social risks as part of our product development cycle. The initial screening involves

evaluation of environmental and social risk in line with our sustainability policy and applicable legal requirements. We conduct our evaluation process by applying a set of assessment criteria and evaluate project proposals using techniques from LCA-methodology (Life Cycle Assessment). This includes considerations for raw material usage, health and safety impacts, and the potential to reduce energy consumption and CO₂ emissions.

Jotun's SB oversees sustainability activity and approach in all involved functions in the company. To this, responsible functions will follow up and ensure that internal development projects and investments are in line with Green Financing Framework and internal sustainability standards. Furthermore, we emphasize the importance of social responsibility in our supply chain management, requiring all suppliers to comply with Jotun's business principles. Our approach ensures that all suppliers pass through an evaluation process. This secures a sustainable and responsible business-standard.

3. Management of proceeds

The net proceeds from issued green financial instruments will be managed using a portfolio approach. Jotun will use a Green Register to track the allocation of net proceeds from green financial instruments to eligible green projects. The purpose of the Green Register is to ensure that net proceeds from green financial instruments only support the financing of green projects. The Green Register will form the basis for the impact and allocation reporting and will be managed by the Green Finance Team. There may be periods when the total outstanding net proceeds of

green financial instruments exceed the value of the Eligible Projects in the Green Financing Register. Proceeds yet to be allocated towards green projects will be held and managed in accordance with Jotun's liquidity management guidelines. If a green project already funded by green financial instrument is sold, terminated, or cancelled, or for other reasons loses its eligibility under the green project criteria in this Framework, it will be replaced by another qualifying green project as soon as practically possible.

4. Reporting

Jotun will provide an annual Green Financing Report on the allocation and impact of green financial instruments issued under this framework. This report will be published annually, starting within one year of the first issuance and continuing if green financial instruments are outstanding. This report will include the total amount of green financial

instruments issued, the allocation between new financing, refinancing and any unallocated proceeds, and a list of eligible green projects financed under this framework. The impact reporting will be made on a portfolio basis for each green project category, and will be based on impact indicators presented in the table below.

| GBP Category | Examples of impact indicators |
|-------------------|--|
| Renewable energy | <ul style="list-style-type: none">• Annual GHG emissions reduced (tCO₂e)• Annual renewable energy generation (GWh)• Capacity of renewable energy (MW) |
| Energy efficiency | <ul style="list-style-type: none">• Annual energy savings (MWh/GWh) and savings linked to specific projects or activities.• Annual GHG emissions avoided (tCO₂e) and savings in GHG emissions linked to specific projects or activities.• Data on additional environmental benefits of projects as relevant and available |

5. External Review

SECOND PARTY OPINION

Jotun has engaged DNV to act as an external verifier of this Green Financing Framework and the eligible green projects to secure alignment with national and international guidelines.

POST-ISSUANCE VERIFICATION

Jotun has appointed an external third party to annually ensure the selection process for the financing of eligible

green projects and that Jotun's Green Financing Framework conducts the allocation of the net proceeds.

PUBLICLY AVAILABLE DOCUMENTS

The Green Financing Framework, the second-party opinion, the third-party review, and related reporting will be publicly available on Jotun's website.



Jotun A/S
P.O. Box 2021
3202 Sandefjord
Norway
jotun.com

