

Eidsiða.

Green Financing Framework



January 2025

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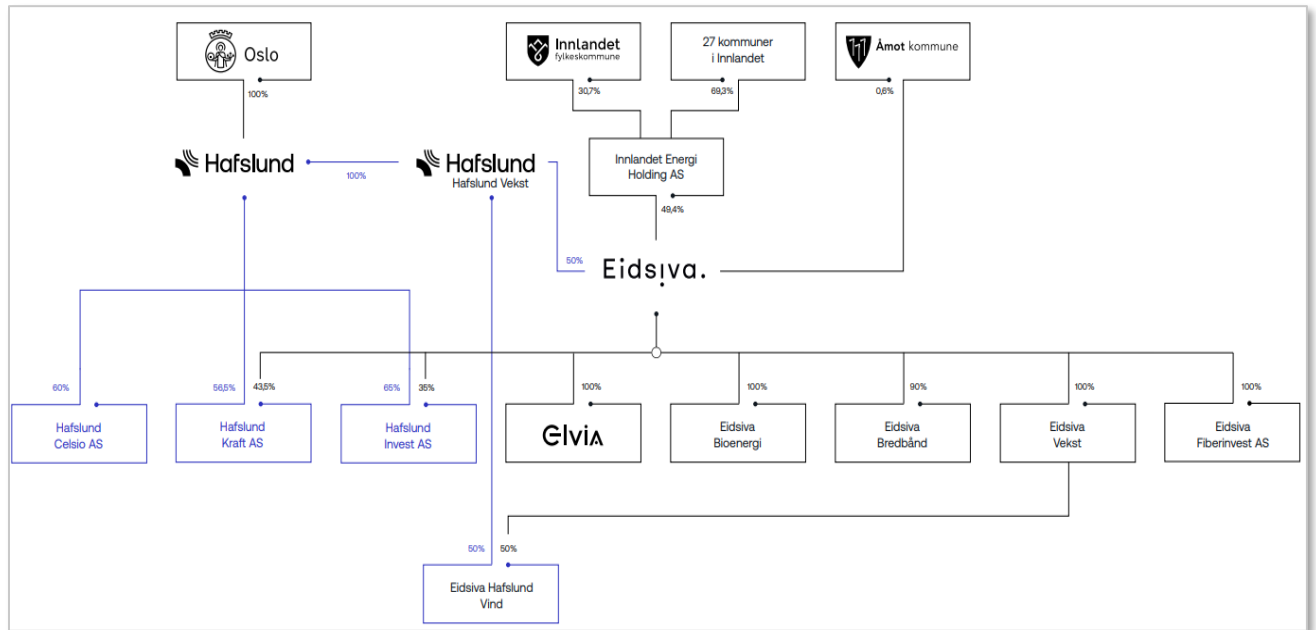
This is Eidsiva

Renewable energy is a prerequisite for an environmentally sustainable future, and efficient infrastructure is a necessary enabler of well-functioning societies. In Eidsiva, our vision is to be a driving force for new opportunities, and we aim to create value for our stakeholders by providing new, smart, and sustainable solutions.

Eidsiva Energi AS (“Eidsiva”) is a Norwegian energy and infrastructure company with roots dating back more than 100 years. We deliver critical infrastructure within distribution of electricity, telecommunication network services, and district heating, enabling the sustainable solutions of tomorrow.

In 2019, we underwent a larger reorganization as Eidsiva and Hafslund joined their operating business activities and created two new and focused companies within distribution (Elvia) and hydropower production (Hafslund Kraft).

After this transaction, Eidsiva became the largest distribution company in Norway and with significant ownership in hydropower production and electrification operations through Hafslund Kraft and Hafslund Invest. In addition, Eidsiva is among the largest district heating producers in Norway, and we are continuously growing our telecommunication network operations.



Our businesses

Elvia

Elvia was established in January 2020 via the merger of Eidsiva Nett and Hafslund Nett. Elvia is active in the construction, operation, maintenance, and improvement of distribution networks. The company has more than 970,000 customers and thereby supplies over 2 million inhabitants with electricity every day.

Eidsiva Bredbånd and Eidsiva Fiberinvest

Eidsiva Bredbånd and Eidsiva Fiberinvest are active in the construction, sale, and operations of high-speed fiber optic telecommunication networks to households, companies, and the public sector. Eidsiva Bredbånd currently offers ultrafast infrastructure for 95,700 customers.

Eidsiva Bioenergi

Eidsiva Bioenergi was established in 2008 and is currently one of the largest providers of district heating and cooling in Norway. The company's core strategy is to use fuel sources that have little to no alternative valuable uses, and approximately 98% comes from forestry waste and residues, recycled wood waste and other locally produced waste.

The focus on local sourcing and close relationships with our suppliers minimize the need for transport, while simultaneously solving the need for waste management in the region.

Eidsiva Vekst

Eidsiva Vekst develops renewable energy projects, so far planned within wind and solar power, together with key partners. Furthermore, Eidsiva Vekst and partners have a portfolio of solutions for the electrification of transport and commercial activities and in addition battery solutions for more efficient use of the energy grid.

Hafslund Kraft

Eidsiva owns 43.5% of the power generation company Hafslund Kraft. The company operates more than 80 hydropower plants and ownership in three wind parks throughout the southern parts of Norway, producing roughly 15 TWh, making it the second largest power producer in Norway.

Hafslund Invest AS

Eidsiva has a 35% ownership in Hafslund Invest, a company focusing on growth initiatives within the renewable energy value chain. They explore business opportunities related to electrification, sustainability, and innovative renewable energy production and storage technologies.

Sustainability in Eidsiva

Electrification, renewable energy, and smart solutions for consumer flexibility are important steppingstones towards solving one of the greatest challenges of our time – climate change. At Eidsiva our overarching goal is to drive the development of infrastructure and services that benefit society, humanity and climate alike.

Norway has set ambitious climate targets and achieving these targets requires a significant increase in renewable energy capacity – fast. We recognize our important role in this transition and aim to make a significant contribution to electrification while at the same time investing in the infrastructure, digital solutions and renewable energy solutions of the future.

As a key player in the energy sector, we believe that Eidsiva is well-positioned to play an important role in addressing these challenges and contribute to delivering on the Norwegian climate goals.

Sustainability Focus Areas

Our sustainability strategy is an integral component of our broader corporate mission and strategy. Underpinning our sustainability strategy are three focus areas, supported by overarching targets, which lay the foundation for our ongoing work.

Our strategic focus areas are based on a double materiality assessment conducted in the line with the Corporate Sustainability Reporting Directive, which incorporated the opinions of key stakeholder groups.

Growth for green choices

Renewable energy is key to addressing climate and environmental challenges, while efficient and reliable infrastructure is vital for societal development. Eidsiva supports the green transition by expanding grid capacity, enhancing grid efficiency, developing renewable energy projects, and implementing digital solutions. Eidsiva invests in renewable energy production and distribution facilities, contributing to expected avoided emissions of approximately 600,000 tons of CO₂ for customers and society by 2030. We have the following targets for Green Growth:

- Eidsiva will use carbon capture and biochar to remove 60,000 tons of CO₂ from the atmosphere.
- Significantly reduce emissions from own operations and value chain by 60% (140,000 tons of CO₂) by the end of 2030, using 2022 as the baseline year.
- Advocate for policy changes that support reduced climate impact for customers and society.
- Promote resource efficiency and product utilization to contribute to a more circular economy.
- Protect nature and biodiversity during development and operations.



Take care of and develop people

We aim to become one of the country's most attractive workplaces, fostering a company culture that prioritizes safety, diversity, and employee development. We will support our employees throughout their entire careers and ensure that individuals in our supply chain have fair working conditions and employment terms. We have the following targets and focus areas:

- Lost time injuries (H1) should be zero, and Total Recordable Injuries Frequency (H2) should be below 2.5, with no severe injuries.
- Promote a socially sustainable work environment with diversity and inclusion.
- Ensure continuous development opportunities for employees throughout their careers.
- Provide critical infrastructure and services to everyone with high levels of security, uptime, and quality.
- Uphold human and labor rights across its entire value chain.



Driving force for responsible collaboration

We collaborate with society and invest in partnerships with suppliers and local stakeholders to drive positive social change.

- Eidsiva will be a driving force for responsible supplier practices.
- Eidsiva will actively participate in public discourse and advocate for favorable conditions to fulfill its societal mission.
- Eidsiva will act as a local community builder in the municipalities where it operates.



Eidsiva and Green Finance

Eidsiva has developed this Green Finance Framework (the “Framework”) to support the development of infrastructure and services that benefit society, humanity and climate alike. The Framework is aligned with the International Capital Market Association (ICMA) Green Bond Principles (GBP)¹ and Loan Market Association (LMA) Green Loan Principles (GLP)². The Framework covers the issuance of Green Bonds as well as Green Loans (hereinafter collectively referred to as “Green Finance Instruments”). The Framework defines assets and projects that can be financed by Green Finance Instruments (“Green Projects”), and it also outlines the process to evaluate, select, track and report on such investments.

The Framework may over time be updated, however new versions of the Framework shall have no implications for the Green Finance Instruments issued under this version of the Framework.

Examples of projects funded by Green Bonds

Berger electrical substation

The substation supplies eastern parts of Asker Municipality on the outskirts of Oslo, including the Billingstad industrial zone. Parts of the industrial zone have been converted from industrial use to housing. To meet the demand from both local industry and an increased population, we are increasing transformer capacity from 100 to 120 MVA. The voltage levels are being upgraded from 47 to 132 kV, and the old outdoor equipment is being replaced with new 132 kV gas-insulated switchgear in a new building. The project will be connected to the 5 km long 132 kV cable laid from Hamang to Berger in 2001, which previously operated at 47 kV together with an overhead line on the same stretch. Now with the upgrade, the cable will be used at 132 kV and the old overhead line can be dismantled. Upgrading from 47 to 132 kV will also reduce transmission losses. Total expected investment is NOK 134m.

When: 2024

Fornebu electrical substation

A new neighbourhood is currently under construction at Fornebu in Bærum Municipality on the outskirts of Oslo, with around 5 000 homes and extensive commercial space, schools and nurseries served by a new railway line. The existing network did not have sufficient capacity for this development. It is expected that total consumption in Fornebu will increase from 60 MW in 2019 to 100-130 MW once fully developed. As a first step in a wider programme, Fornebu substation is being expanded to meet the needs of a new, electrified Fornebu and enable zero-emission transportation for those who live and work there.

What: New building with new 132/47 kV transformer and 47kV circuit breaker connected to a 9 km 132 kV cable laid from Smestad.

When: 2024

¹ Green Bond Principles published in June 2021 (with June 2022 Appendix I) are voluntary process guidelines for issuing Green bonds established by International Capital Markets Association (ICMA), <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

² Green Loan Principles published in February 2023 are voluntary process guidelines for issuing Green loans established by Loan Markets Association (LMA), <https://www.lsta.org/content/green-loan-principles/>

Use of Proceeds

An amount equal to the net proceeds from Green Finance Instruments raised under this Framework will be used to finance or refinance, in whole or in part, a portfolio of Green Projects as defined below.

The Green Projects can also be in the form of equity investments in pure-play renewable energy companies, which have at least 90% of revenue from green activities³. Operational expenses (with a look-back period of three years) are eligible provided that they meet the eligibility criteria at the time of issuance.

For the avoidance of doubt, Green Finance Instruments will not be used to finance investments in fossil energy generation, nuclear energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction, gambling, or tobacco.

With this Framework, our aim is to meet best market practices by adhering to relevant standards and guidelines in the green finance market. Each Green Project category has therefore been mapped against the different categories of the ICMA Green Bond Principles (“ICMA GBPs”), the relevant UN Sustainable Development Goals (“UN SDGs”) as well as the relevant economic activities included in the EU Taxonomy.



³ In a situation where Eidsiva does not have majority ownership, Eidsiva will ensure regulating the entity's activities, including clauses giving Eidsiva the right to nominate board member(s) and veto rights for include new type of activities.

EU Taxonomy

The EU Taxonomy provides a classification system for identifying environmentally sustainable economic activities. The Taxonomy Regulation, which entered into force in July 2020, states that to qualify as environmentally sustainable, an activity should:

- 1) make a substantial contribution to the achievement of one or several of EU's six overarching environmental objectives, and
- 2) do no significant harm to the achievement of any of the other environmental objectives, and
- 3) meet minimum social safeguards.

An assessment of taxonomy alignment has been conducted for all activities within the group using a bottom-up approach, starting at the lowest level of reporting unit and aggregating the results to the highest reporting level. The overview of relevant economic activities and alignment can be found in the table below, while further details regarding alignment with the relevant technical screening criteria can be found in the Sustainability report⁴.

Economic activity	Comments	Turnover	CapEx	OpEx
4.10. Storage of electricity	Eidsiva Vekst has established an energy storage operation using large-scale batteries connected to the power grid	0,04%		
4.9. Transmission and distribution of electricity	The grid company Elvia's core business is electricity distribution	79.96%	58.37%	88.81%
4.24. Production of heat/cooling from bioenergy	Eidsiva Bioenergi produces district heating based on bio-resources	2.41%	5.86%	4.33%
4.15. District heating/cooling distribution	Eidsiva Bioenergi's production facilities are connected to dedicated distribution networks for district heating.	1.48%	1.28%	0.56%
4.25. Production of heat/cool using waste heat	Waste management at Trehørningen generates excess heat, which is used for district heating production.	0.60%	0.48%	2.74%
Total taxonomy alignment		84,48%	65,98%	96,4%
Non-eligible activities		15.52%	34.02%	3.56%
<p>The activities of the parent company and its subsidiaries – Eidsiva Bredbånd, Elsikkerhet Norge, and Eidsiva Vekst (excluding the energy storage activity mentioned under section 4.10) – are not covered by the Taxonomy. Waste incineration at Trehørningen Energisentral is also not covered by the Taxonomy. Some of Bioenergi's facilities have a minor share of "non-eligible" economic activities due to the occasional use of fossil energy sources as peak load during cold periods.</p> <p>All sale of electricity to end users due to Elvia's obligation to deliver electricity (NO: leveringsplikt) is also excluded from Turnover as a non-eligible Turnover.</p> <p>For year 2023, the Group's new rented head-quarter in Hamar was recorded as a non-eligible CAPEX (IFRS16 financial obligation)</p>				

⁴ Sustainability report, EU Taxonomy alignment (page 31-38) : <https://www.eidsiva.no/siteassets/filer-og-pdf/finansiell-informasjon/rapporter-og-presentasjoner/barekraftsrapporter/eidsiva-barekraftrapport-2023.pdf>







Eidsiva has established its Green Financing Framework to align with the EU Taxonomy’s regulation Delegated Act’s substantial contributions to climate change mitigation requirements. However, we also do assessments related to Do Not Significant Harm and Minimum Safeguards based on the recommendations in *OECD Guidelines for Multinational Enterprise*, the *UN Guiding Principles for Business and Human Rights* and including criteria relating to fair competition, tax and anti-corruption as well as compulsory social criteria from Regulation (EU) 2019/2088 on sustainability-related disclosures.

The Second Party Opinion also includes an assessment of the alignment of our Green Project categories with the criteria in the EU Taxonomy. Going forward, Eidsiva is committed to closely monitoring developments in the regulation and adapting to new specifications, which may influence the group’s assessment and performance reporting in the coming years.

In our annual Green Finance Report, we aim to provide additional information around EU Taxonomy developments that may be of relevance to this Framework and possible implications for our Green Loan criteria and activities.



Green Project categories

ICMA Green Bond Category	Green Project Criteria	UN SDG	EU Taxonomy activity
Energy efficiency	<p>Distribution of electricity</p> <ul style="list-style-type: none"> • Electric grid investments as defined by, reported to and accepted by the Norwegian Energy Regulatory Authority (NVE-RME) on annual basis (“the regulatory asset base”). Projects under construction are also included. • Construction, installation, improvement, operation, repair and maintenance of the Norwegian electricity distribution system. • Smart grid solutions and smart meters, as well as other monitoring systems aim to increase the controllability and observability of the grid system or enabling reduction of energy consumption. <p>Data centres and ICT solutions</p> <ul style="list-style-type: none"> • Data processing, hosting and related activities through data centres which has implemented⁵ all relevant practices listed as ‘expected practices⁶’ in applicable EU⁷ legislation and the global warming potential (GWP) of refrigerants used in the data centre cooling system does not exceed 675. 	   	<p>4.9 Transmission and distribution of electricity</p> <p>8.1 Data processing, hosting and related activities</p>
Renewable energy	<ul style="list-style-type: none"> • Development, construction, installation, improvement, operation, repair, and maintenance of <ul style="list-style-type: none"> • Solar photovoltaic (PV) projects and related infrastructure • Wind power projects and related infrastructure 	 	<p>4.1 Electricity generation from solar photovoltaic technology</p> <p>4.3 Electricity generation from wind power</p>

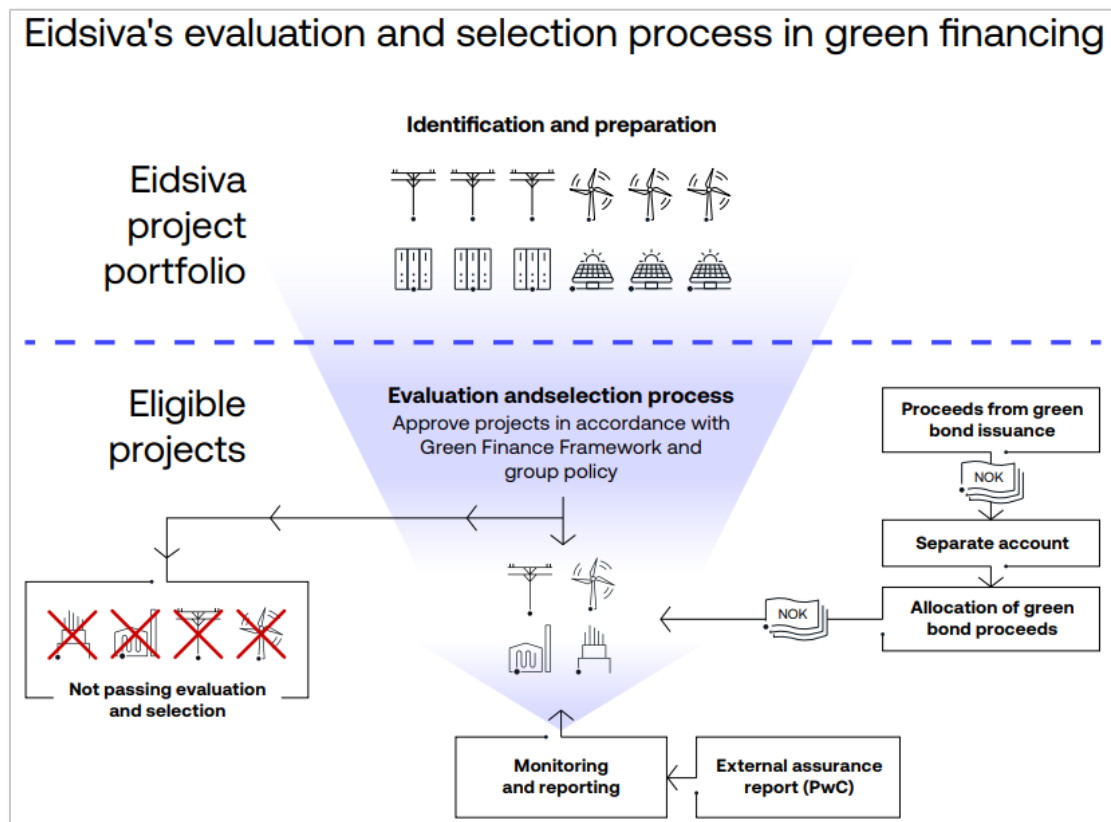
⁵ The implementation of those practices is verified by an independent third-party and audited at least every three years.

⁶ Where an expected practice is not considered relevant due to physical, logistical, planning or other constraints, an explanation of why the expected practice is not applicable or practical is provided. Alternative best practices from the European Code of Conduct on Data Centre Energy Efficiency or other equivalent sources may be identified as direct replacements if they result in similar energy savings.

⁷ This is limited to the most recent version of the European Code of Conduct on Data Centre Energy Efficiency, or in CEN-CENELEC document CLC TR50600-99-1 ‘Data centre facilities and infrastructures - Part 99-1: Recommended practices for energy management’.

Process for Project Evaluation and Selection

To ensure the transparency and accountability around the selection of Green Projects, Eidsiva has established an internal Green Finance Committee (GFC) responsible for the evaluation and selection of eligible Green Projects. The GFC consists of members from Finance & Control and representatives from the business area of the project being evaluated. The representatives from the business units have both experience and expertise in safeguarding both national and company-specific environmental and social regulations.



The GFC follows the following steps to ensure that the funds raised through Green Financing Instruments are allocated towards eligible Green Projects that align with the criteria outlined in the Framework:

1. Eidsiva business units, treasury, members of the GFC will propose potential assets and expenditures to be considered eligible according to the Framework.
2. The GFC will evaluate eligibility of the proposals according to the eligibility criteria defined in the Framework, and that adhere to Eidsiva's environmental and social risk management practices, and will remove assets and expenditures that do not meet the eligibility criteria

3. The need for additional due diligence before being classified as a Green Project is assessed. Project elements that require additional due diligence include:
 - a. Projects located in or near biodiversity-sensitive areas
 - b. Vehicles and equipment running on fossil fuel are excluded
 - c. Projects that have received fines or requests for rectification by public authorities
 - d. Projects not following recommendations for mitigating climate-related risks
 - e. Projects which may lead to long-term lock-in of unsustainable energy sources
 - f. Projects facing material opposition from local communities
4. The GFC unanimously approves the eligibility of the assets and expenditures and labels them as Green Projects, to be included in the register of all Green Projects. The environmental and sustainability specialist from the relevant business area will have a veto.
5. The decisions made by the GFC will be documented and filed to ensure traceability.

The GFC holds the authority to remove previously funded Green Projects from Green Financing Instruments should they determine that these Green Projects are no longer adhere to the criteria set forth in this Framework.

Management of Proceeds

An amount equal to the net proceeds from issued Green Finance Instruments will be earmarked for financing and refinancing of Green Projects as defined in this Green Finance Framework.

The Finance department of Eidsiva will endeavor to ensure that the value of Green Projects at all times exceeds the total nominal amount of Green Finance Instruments outstanding.

If a Green Project already funded by Green Finance Instruments is sold, or for other reasons loses its eligibility in line with the criteria in this Framework, it will be replaced by another qualifying Green Project as soon as practically possible. Net proceeds from Green Finance Instruments awaiting allocation to Green Projects will be held as cash or cash-equivalents (including short-term money market instruments, where such temporary holdings, to the extent possible, will be subject to the exclusions listed in the Use of Proceeds section above

Reporting

To enable investors and other stakeholders to follow the developments of our Green Projects funded by Green Finance Instruments, a Green Finance Report will be made available on our website. The Green Finance Report will include an Allocation Report and an Impact Report and will be published annually as long as there are Green Finance Instruments outstanding or until full allocation.

Allocation Report

The Allocation Report will include the following information:

- Amounts invested in each of the Green Project categories defined in this Green Finance Framework and the share of new financing versus refinancing.
- Examples of Green Projects that have been funded by Green Finance Instruments
- The nominal amount of Green Finance Instruments outstanding, divided into Green Bonds and Green Loans.
- The amount of net proceeds awaiting allocation to Green Projects (if any)
- Information on possible changes/developments in the EU Taxonomy regulation and delegated acts criteria that may be of relevance for our Green Project Criteria.

Impact Report

The Impact Report aims to disclose the environmental impact of the Green Projects financed under this Framework.

Impact reporting calculations will, to some extent, be aggregated, and depending on data availability, be made on a best intention basis. For projects under construction, calculations may be based on preliminary estimates. The impact assessment will, where applicable, be based on the metrics listed below:

Energy efficiency

- Energy supplied to customers and/or transported to neighboring network systems (TWh/yr)
- Number of customers (thousands)
- SAIDI (System Average Interruption Duration Index)

Renewable energy

- Energy generation capacity (MW)
- Actual annual energy generation (MWh)
- Annual reduction and/or avoidance of GHG emissions (tCO₂)

External Review

Second Party Opinion

Eidsiva has obtained a pre-issuance Second Party Opinion from S&P Global Ratings to confirm the transparency of this Green Finance Framework and its alignment with the ICMA Green Bond Principles and the LMA/LSTA Green Loan Principles, published in 2021. The Second Party Opinion also includes an assessment of the alignment of our Green Project categories with the criteria in the EU Taxonomy.

This Framework and the Second Party Opinion will both be publicly available on Eidsiva's website.

Post issuance verification

An independent auditor appointed by Eidsiva will provide a limited assurance report confirming that an amount equal to the net proceeds from issued Green Finance Instruments has been allocated to Green Projects as defined in this Green Finance Framework. The report will be included as part of the annual Green Finance Report.



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