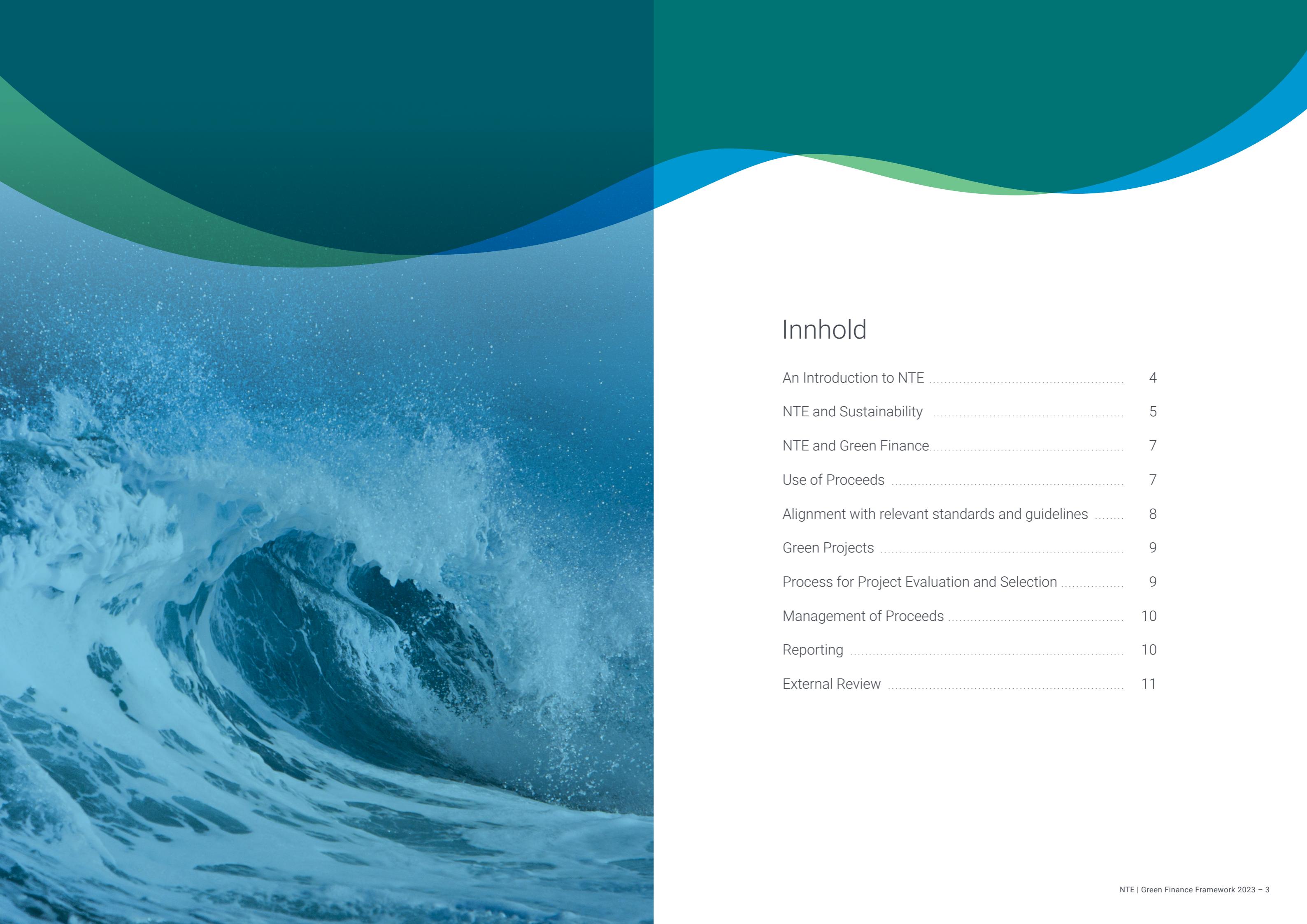


Nord Trøndelag Elektrisitetsverk AS

Green Finance Framework

June 2023





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An Introduction to NTE

Nord-Trøndelag Elektrisitetsverk AS ("NTE") is a Norwegian energy company providing clean and renewable energy as well as digital infrastructure to both private households and businesses in the Trøndelag region of Norway. We were established by the Nord-Trøndelag County in 1919 and today we are owned by the 19 municipalities that were previously part of the county. Our vision is to make the Trøndelag region climate neutral and digital.

Our operations are organized in the following business segments: Energy, Energy services, Telecommunications and Electricity services, where NTE is the parent company. In addition, we own 40% of the electricity transmission company Tensio.

ENERGY PRODUCTION

Our aim is to provide the Trøndelag region with the energy it needs, based solely on renewable energy sources. We produce renewable energy, mainly from hydropower, via our wholly owned subsidiary NTE Energi AS. The company has an annual average production from hydropower of 3,97 TWh (2017-2021), supporting the energy need of around 500,000 persons. Several new projects are under way as well as in planning. This includes a new hydropower station, participation in the development of a full-scale green hydrogen production plant, as well as participation in wind power projects.

ENERGY SERVICES

We aim to enable local homes and companies to become part of the green shift by increasing access to renewable energy and energy efficiency solutions. An increasing number of our clients are producing their own energy and they are looking for smart solutions for purchasing energy. Energy efficient solutions are becoming more important, such as local energy production, electrification of the aquaculture industry, charging solutions for electric vehicles and energy advise. Our customer base is currently 87,700 households and businesses.

TELECOMMUNICATIONS

Access to efficient internet solutions has become equally important as having access to services such as electricity, water, and transport. Our telecommunication segment is in rapid growth, and we aim to provide efficient fiber optic telecommunication network solutions for everyone in the region. Currently, we serve almost 140,000 individual users.

ELECTRICITY SERVICES

Through our wholly owned subsidiary NTE Elektro we provide all types of installation and maintenance electrician services promoting a fully electric community.

TRANSMISSION

We own 40% of Tensio AS, a transmission and distribution company building and operating integrated and efficient energy systems.

NTE and Sustainability

NTE has provided our local community with clean and renewable energy for more than 100 years. Sustainability has as such been an integral part of our business since the very beginning. The focus of our sustainability work has however expanded from solely power generation and supply to a more holistic approach that includes digitalisation and our customers' climate footprint. Our materiality analysis, most recently updated in 2021, clearly shows that our sustainability work must encompass the health and safety of our employees, opportunities for employee development, ensuring a responsible supply chain, having a productive dialogue with our local communities, ensuring safe and reliable operations, and protecting biodiversity and local ecosystems.

During 2021-2022, we finalised our sustainability strategy, with the overarching goal of being a driving force for sustainable growth in the Trøndelag region. Based on the materiality analysis, we have identified



NTE as a responsible social actor

As a large actor in the region, we have a responsibility to manage both our social and environmental impact throughout our value chain. We acknowledge that our operations impact the environment and we do our utmost to minimise our environmental and climate footprint.

NTE aims to be climate neutral by 2030. We disclose our carbon accounting in our annual report, where the majority of our carbon emissions is within scope 3. Going forward, we aim to verify our climate target under the Science Based Targets Initiative (SBTi).

In order to minimise our environmental footprint, we map and work to improve ecosystems and habitats in the areas we operate. Preservation of biodiversity is part of our environmental plan, and our suppliers and contractors are subject to strict environmental requirements. All our environmental assessments and biological studies are conducted by independent, credible third parties. Our environmental measures

the following topics as central to our business and competitiveness going forward:

- Reducing our own and our customers' carbon footprint
- Protecting biodiversity
- Innovation and digitalization
- Attractive workplace

The material topics have in turn formed the basis for three focus areas that make up the sustainability strategy, which are closely linked with the UN Sustainable Development Goals (SDGs). For each focus area we have identified the SDGs that are most relevant for our operations and where we believe we can have the largest contribution. Our three main focus areas for sustainability are:

- NTE as a responsible social actor
- NTE as a supplier of sustainable solutions
- NTE as a sustainable workplace

in particular focus on maintaining a natural aquatic environment and a healthy population of species in the rivers where we have hydropower plants. The construction of a new hydropower station in Nedre Fiskumfoss will for example be specially adapted to the needs of a national salmon river, *inter alia* through a two-way migration solution for the salmon.

We emphasise good stakeholder dialogue and development in line with interests of the local community. We aim to have zero breaches of our ethical guidelines, which are based on the OECD Guidelines for Multinational Enterprises. Our ethical guidelines for suppliers are updated regularly in accordance with national and international regulations. All our suppliers must accept the ethical guidelines, in which they among other things commit to prevent forced and child labour, excessive use of overtime, discrimination and corruption, and to follow environmental requirements. Our supply chain is largely confined to Norway, and we want to use local suppliers to the greatest extent possible. We aim to conduct at least five supplier audits annually.



NTE as a supplier of sustainable solutions

Through increased renewable energy production and energy efficiency solutions, we help our customers and society with the energy transition. We have set a target of doubling our renewable power production by 2030 to 8 TWh (from around 4 TWh in 2020). In addition to further developing our hydropower production capacity, NTE wishes to explore the potential in alternative

energy sources. We are already part of the development of a green hydrogen production plant and several projects for wind power, which will serve to build our competence and experience. We also work to develop and deliver energy efficiency solutions that help our customers reduce their climate emissions.



NTE participates in several development projects within alternative energy sources

NTE is co-leading the work to build a full-scale production facility for green hydrogen in the Nærøysund municipality along with several partners. The facility is set to supply green hydrogen to the maritime sector and includes storage facilities. The aim is to realise the factory by 2025. The project builds on experience from a pilot facility that is aimed to be in production from Q4 2023, which can supply a zero-emission pilot vessel.

NTE built the first land-based wind park in Norway in 1998 and was co-owner in another wind park in Ytre Vikna. In 2019 NTE sold the wind portfolio to realise other energy projects. Due to the increasing demand for renewable energy, NTE is now working with two specific projects for onshore wind parks.

Ytre Vikna 2.0 is the first project, and with production of 4-500 GWh to be realised in 2028, it will contribute significant to the power supply in the region. The onshore wind industry is developing rapidly, both technologically and with regards to the focus on environmental adaptation. NTE's goal is to develop land-based wind parks in a way that meets society's energy demand, with as little footprint as possible on nature, environment and culture.

In addition to onshore wind, NTE is looking for opportunities within offshore wind. Currently we are in a joint venture that intends to bid on the floating wind park at Utsira Nord. If successful, NTE will draw on the experience and use the knowledge to explore other opportunities within renewable energy.

NTE as a sustainable workplace

Our employees are key to reaching our goals, and NTE should be a safe workplace where our employees can develop and acquire new skills and knowledge. Employee safety always comes first, and we work systematically with HSE (Health, Safety and Environment) through annual revisions of routines, action plans and risk assessments. We have a goal of no injuries or harm on people, environment and equipment, and we aim to be an industry leader on HSE.

In NTE we will promote diversity and inclusion, across age, gender, competence and background. In particular, diversity and diversity leadership will be a cornerstone in the leadership development program that was started in January 2023.



NTE and Green Finance

NTE wishes to be at the forefront of renewable energy production as well as efficient use of energy. This Green Finance Framework (the "Framework") enables NTE to issue Green Bonds and Green Loans (collectively referred to as "Green Finance Instruments") to finance investments supporting our ambitions of promoting the green energy transition.

The Framework is aligned with the ICMA Green Bond Principles and the LMA/LSTA Green Loan Principles,

Use of Proceeds

An amount equal to the net proceeds from Green Finance Instruments issued under this Green Finance Framework will be used to finance a portfolio of assets and projects, in whole or in part, that promote the transition towards low-carbon and climate-resilient development.

Only such assets and projects that comply with the list of Green Projects below are deemed eligible to be financed by Green Finance Instruments. Net proceeds from Green Finance Instruments can be used for the financing of new assets and projects, as well as for refinancing purposes. New assets and projects are defined as ongoing Green Projects and those taken into operation less than 12 months prior to the issuance of a Green Finance Instrument.

both published in 2021. The Framework defines the assets and projects that can be financed by Green Finance Instruments ("Green Projects"), and it also outlines the process for evaluating, selecting, tracking, and reporting on such investments.

Each Green Finance Instrument issued under this Framework should in the relevant transaction documentation refer to this Framework.

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

Green Finance Instruments issued under this Framework will finance and refinance investments and related expenditures within the following Green Project Categories. Each category, with respective criteria, is further described on the next page.

- Renewable energy projects, including hydropower and wind power
- Hydrogen production facilities and related infrastructure

Alignment with relevant standards and guidelines

NTE's aim is to meet best market practice 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 activities included in the **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, 2) do no significant harm to the achievement of any of the other environmental objectives, and 3) meet minimum social safeguards.

In April 2021, the first set of delegated acts providing technical screening criteria for two of the environmental objectives – **Climate Change Mitigation and Climate Change Adaptation** – were published. Several of the

Green Projects financed under this Framework represent activities that are included in the EU Taxonomy and where there are technical screening criteria available to assess whether the investments make a substantial contribution towards **Climate Change Mitigation**.

Mapping against the relevant economic activities of the EU Taxonomy can be found in the table below. As part of the Second Party Opinion process, CICERO Shades of Green has conducted an EU Taxonomy alignment assessment. For the full analysis, please see the Second Party Opinion. NTE acknowledges that metrics and thresholds may change over time, and the mapping in this Framework represent the EU Taxonomy criteria applicable as of January 2023. It is NTE's ambition to monitor developments, and when seen as relevant, this Green Finance Framework may be updated to further harmonise with future versions of the **EU Taxonomy**.



Green Projects

Green Finance Instruments issued under this Framework will finance investments promoting the green energy transition, such as investments in renewable energy

sources. The Green Project categories are further described in the table below.

Green Project Category	ICMA GBPs	UN SDGs	EU Taxonomy
Renewable energy projects Investments, and related expenditures, directed towards the development, construction, installation, improvement, operation, repair, and maintenance of renewable energy production capacity in Norway, including hydropower and wind.	Renewable energy	 	- Electricity generation from hydropower - Electricity generation from wind power
Hydrogen production and storage Investments, and related expenditures, directed towards the development and construction of green (electrolytical) hydrogen production facilities. Investments, and related expenditures, directed towards the construction of hydrogen storage facilities.	Renewable energy	   	- Manufacture of hydrogen - Storage of hydrogen

Process for Project Evaluation and Selection

To ensure the transparency and accountability around the selection of Green Projects, NTE has established an internal Green Finance Committee, which is responsible for the evaluation and selection process. The Green Finance Committee consists of members from the Management, Operations, Sustainability and Finance teams in NTE, as well as the Chief Finance Director, and all decisions will be made in consensus.

Only such assets and projects that comply with the Green Project criteria defined in the Use of Proceeds section of this Framework are eligible to be financed

with Green Finance Instruments. The Green Finance Committee will keep a register of all Green Projects, and to ensure traceability, all decisions made by the committee will be documented and filed. The Green Finance Committee holds the right to exclude any Green Project already funded by Green Finance Instruments, which is further described below under Management of Proceeds. The Green Finance Committee is also in charge of potential future oversight and updates of 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 NTE will endeavor to ensure that the value of Green Projects at all times exceed the total 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, we will strive to replace such project by another qualifying Green Project as soon as practically possible.

Net proceeds from Green Finance Instruments awaiting allocation to Green Projects will be managed according to NTE's overall liquidity management policy and may be invested in short term money market instruments or held as cash.

Reporting

To enable investors, and other stakeholders, to follow the developments of 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 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.

- 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)
- 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

Impact Report

The impact report aims to disclose the environmental impact of the Green Projects financed under this Framework. Reporting of environmental impact will, to some extent, be aggregated and depending on data availability, calculations will be made on a best intention basis. The impact assessment may, where applicable, be based on the metrics listed below.

- Annual energy generation capacity from financed hydropower and wind (MW)
- Annual energy generation from financed hydropower and wind (MWh)
- Number of hydrogen projects under development
- Annual volume of green hydrogen produced
- Installed hydrogen production capacity
- Annual reduction and/or avoidance of GHG emissions (tonnes of CO₂e) from financed assets

External Review

NTE has obtained a Second Party Opinion from CICERO Shades of Green 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. The Second Party Opinion will be made available on our website together with this Green Finance Framework.

An independent auditor appointed by NTE will on an annual basis provide a limited assurance report confirming that an amount equal to the net proceeds from issued Green Finance Instruments have been allocated to Green Projects.

