

An aerial photograph of a river with white water rapids, showing turbulent water and white foam. The image is used as a background for a document cover.

Å ENERGI

Green Financing Framework

June 2023

About Å Energi

Å Energi supplies electricity, heat and other energy-related products and services to domestic and business customers. We are one of Norway's biggest energy utilities, with operations throughout the value chain, from generation through to end users. Å Energi was formed in November 2022 as a result of the merger between Glitre Energi and Agder Energi. The company is jointly owned by the municipalities in Agder and Buskerud, as well as by Statkraft.

Hydropower is the foundation of the business, and will have an annual production of around 11.3 TWh from 72 wholly and partially owned power plants. The group's grid company, Glitre Nett, is Norway's second largest grid company with a power grid over 30,000 kilometers long that distributes power to approx. 310,000 online customers in Buskerud and Agder. Å Energi will manage and trade more than 30 TWh of power in the Nordics, become Norway's largest company in electricity sales to businesses and have over 200,000 electricity customers in the private market.

Å Energi is organized into five business areas that reflect the group's core business and value chain: hydropower, grid, renewable management, customer and digital solutions, and new industry, along with a parent company with group functions. The business areas are supported by five group functions: people and communication, finance and business management, technology, innovation and safety, and operations and sustainability.

Hydropower

The hydropower business area is responsible for the development, operation and maintenance of the group's 72 wholly and partially owned hydropower plants. The largest value driver for the hydropower business is availability of production facilities, including technical availability for power plants, usable volume through license conditions and new production through investments and new licenses.

Grid

The grid business area operates as a monopolist and is responsible for electricity supply. The value drivers of the grid business area are efficient operation combined with good management of the power grid. The business is run through the company Glitre Nett AS, and is responsible for the development, operation and maintenance of the regional and distribution network in Agder, Buskerud and Hadeland.

Renewable management

The business area renewable management is responsible for Å Energi Group's trade agreements and financial management of market risk, including the group's management and trading of energy products in the Nordics and Europe. Renewable management is also responsible for the group's trading, origination and green product portfolios, and for complex agreements (PPA) towards the industrial and investor markets. The investment in the Nordic and European markets takes place in Norway, with a presence in Sweden, Germany and Switzerland.

Customer and digital solutions

The business area customer and business solutions is responsible for further developing the portfolio of wholly and partially owned companies within electricity sales to the private market, smart digital solutions, district heating, flexibility, contracting and broadband. The district heating business is responsible for infrastructure, operation and sales to commercial and institutional players in and around the larger cities in Agder and Viken. Å Energi is also

a significant player in bioenergy. Customers and digital solutions also include Å Energi's holdings and projects linked to the group's investment in flexibility and energy data.

New industry

The new industry business area is responsible for the group's business development and new ventures. Based on its own domain expertise, Å Energi will seek and build industrial positions within new value chains for renewable energy. Entelios Norden carries out sales to the corporate market, and is one of the leading energy suppliers in the Nordics. Entelios Norden offers clean energy, cutting-edge expertise and technology that enables industrial companies, small and large businesses, and the public sector to become leaders in climate-friendly energy solutions. The new industry business area also includes Å Energi Invest AS, which manages Å Energi's stake in the group's battery ventures.



Sustainability at Å Energi

Å Energi is a forward-looking energy group with an important role in the green transition. The group's overall objective and social mission is to increase the production of clean and affordable renewable energy, ensure that electricity is delivered efficiently through the power grid, and to develop new and better energy services in Norway and the Nordic region. Å Energi will contribute to the development of new industry and jobs in Buskerud and Agder, and will play an important role in Norwegian and Nordic power supply. During 2023, the new group will carry out a major strategy process, and through this will set the direction for sustainability work in Å Energi.

Å Energi's sustainability strategy is structured around four strategic focus areas: Future energy solutions, safeguarding nature and the environment, local communities and social responsibility, and our people.

Focus area	Goals
 Renewable energy	<ul style="list-style-type: none"> • Share of time hydropower plants are available for production: 97.5% (Glitre Energi) and 98% (Agder Energi) • Power grid uptime: 100% (Glitre Energi) and 99.8% (Agder Energi) • Share of renewables in district heating: 99% (Agder Energi)
 Climate and nature	<ul style="list-style-type: none"> • Emissions reduction: Reduce scope 1 and 2 emissions by 50% by 2030 from 2019 (Verified by SBTi for Agder Energi)
 A reliable partner	<ul style="list-style-type: none"> • Suppliers with climate goals: 10 out of the 10 largest suppliers by 2025 (Glitre Energi) • Value of procurement from environmentally certified suppliers: 95% by 2025 (Agder Energi)
 Our people	<ul style="list-style-type: none"> • Sick leave: Under 3% (Glitre Energi and Agder Energi)

Renewable energy

Å Energi wants to take an active role in the green transition by increasing the production of renewable power, delivering it efficiently through the power grid and using it in new and exciting market services. In addition to a strong position in hydropower, we have an ambition to take an active role in the Norwegian development of offshore wind, continue the investment in solar power and invest in technologies such as hydrogen, which promote the transition to a renewable society. Å Energi will also develop innovative solutions, such as investing in innovative projects and making new energy infrastructure and technology available to customers.

Climate and nature

We prioritize solutions and technologies that lead to less negative climate impact and reduce the burden on rivers and other nature in line with the precautionary principle, and we focus on two areas in particular when we assess the negative impact from our operations:

Biodiversity and nature:

Biodiversity and nature are particularly relevant for the work in our production and grid operations, where safeguarding biodiversity in rivers and waterways is carefully regulated. Experts and local stakeholders are actively participating in the process from mapping and on to the design of mitigation measures and their follow-up. When it comes to our network operations, we operate with an overarching goal of adapting to nature when developing new power lines and power infrastructure.

Climate and emissions

We have committed to reduce scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 base year. This target was approved by the Science Based Targets initiative (SBTi) in 2021 for Agder Energi, and Å Energi will update this verification to incorporate changes since the merger. To meet our emissions reduction target, we will focus on reducing emissions from the vehicles used at our sites by replacing them with electric ones, meeting the peak loads on district heating plants with electricity, and reducing SF6 emissions from our infrastructure. Å Energi reports on climate risk in alignment with the Taskforce on Climate-Related Financial Disclosures



A reliable partner

We want our partners to have confidence that we act responsibly and take our social responsibility seriously. We make strict demands on our suppliers and aim to work closely with them to achieve our sustainability goals. We also aim to contribute positively to society, and are a visible player in local communities while facilitating innovation, investment, and activities with positive benefits.

Our people

Our work with people focuses on diversity and equality; health, safety and environment (HSE); and maintaining an attractive and developing workplace. To work systematically with diversity, Å Energi is involved in the project Likestilt arbeidsliv (Equal working life), which works on equal opportunities regardless of gender, religion, ethnicity, functional ability and sexual orientation. HSE is a priority at all levels, and is a priority point in all group management meetings. Employees receive training in HSE adapted to their tasks to avoid accidents. Å Energi operates with a vision for zero injuries. To maintain an attractive workplace, Å Energi works on good recruitment processes and internal development programs to ensure development among employees.



Commitments and initiatives

UN Sustainable Development Goals (SDGs) & UN Global Compact

The UN SDGs provide an important platform for companies to achieve green, long-term profitability. Å Energi is therefore a member of the UN Global Compact and is cooperating with a number of other organizations on matters relating to sustainability and business development. Å Energi has identified seven SDGs as a starting point for our work with sustainability. More information about our contribution to the SDGs and how our goals link to the specific targets is available on our website.



Other commitments and initiatives

Å Energi is a member of Skift, an organization made up of companies with ambitious climate targets and clear climate strategies, as well as business activities that promote green value creation, create jobs, and reduce emissions. Å Energi is a partner of Miljøstiftelsen Zero, an environmental not-for-profit organization that works to promote zero emissions solutions. We are a partner of Klimapartnere, a partnership between academia and public and private enterprises that focuses on local issues in independent regions. Å Energi is Eco-Lighthouse Certified.



Green Financing Framework

Å Energi's Green Financing Framework ("the Framework") has been developed as part of our continued commitment to integrate sustainability across the business. The Framework is structured in alignment with both the 2021 ICMA Green Bond Principles (GBP) 2021, as well as the 2023 LMA and APLMA Green Loan Principles (GLP). These principles provide voluntary guidelines to support issuers in financing environmentally sound and sustainable projects, while providing transparency and insight into their estimated impact. The GBP further promote integrity in the development of the green bond market by clarifying the approach for issuing a Green Bond. In alignment with the GBP and GLB, the Framework consists of the four key components and recommended External Review.

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External Review

In addition to Green Finance Instruments issued by Å Energi in the capital market, the company may have Green Loans provided by lending institutions. Green Loans taken by Å Energi may be provided by lending institutions that finance these by issuing Green Bonds. Å Energi will report the aggregate amount of Green Loans taken and specify each Eligible Project that has been financed by a Green Loan in a separate section of the Green Finance Investor report.

It is Å Energi's intention to follow the best practices, in relation to Green Bonds and Loans, as the market standards develop and as the EU classification of environmentally sustainable economic activities (the Taxonomy) and the EU Green Bond Standard enter into force. Therefore, Å Energi Green Finance Framework may be amended and/or updated to reflect the changes in market practice.








Exclusions

Green Bonds and Loans net proceeds will not be allocated to projects for which the purpose of the project is nuclear or fossil energy generation.



1. Use of Proceeds

The net proceeds of the Green Bonds issued, or Green Loans obtained by Å Energi will be used to finance or re-finance Eligible Projects that have been evaluated and selected in accordance with this Green Financing Framework. Due to the long-term nature of Å Energi's activities, refinancing of Eligible Projects will not be subject to a look-back period. Criteria for eligible projects in which Å Energi can allocate Green Use of Proceeds under this framework are outlined below.

Categories	Eligible Projects	UN SDGs
Renewable Energy	<p>Acquisition, construction, development, expansion, maintenance and upgrading of facilities and technologies for renewable energy and related infrastructure. This could include, but is not limited to:</p> <ul style="list-style-type: none"> Hydropower which meets at least one of the following three criteria: <ul style="list-style-type: none"> Run-of-river plant without an artificial reservoir, or Life-cycle GHG emissions from the generation of electricity from hydropower < 100g CO₂e/kWh, or Power density of the electricity generation facility > 5W/m² Offshore wind power Solar power <ul style="list-style-type: none"> Photovoltaic energy projects (PV), concentrated solar power (CSP), or solar thermal heating 	<p>7 AFFORDABLE AND CLEAN ENERGY  Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>8 DECENT WORK AND ECONOMIC GROWTH  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION  Ensure sustainable consumption and production patterns</p>
	<ul style="list-style-type: none"> Grid investments as defined by the regulatory asset base (NO: Nettkapital) as reported by Å Energi. The regulatory asset base is approved by the Norwegian Energy Regulatory Authority (NVE-RME) on an annual basis. Projects under construction that will be added to the regulatory asset base when completed are also included. Development and implementation of digital tools to increase grid efficiency, and/or investments in smart grids. 	<p>7 AFFORDABLE AND CLEAN ENERGY  Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>8 DECENT WORK AND ECONOMIC GROWTH  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>



2. Selection and evaluation of eligible projects

Å Energi has established a Green Finance Committee (GFC) to evaluate and select assets that are in line with the criteria set out in the use of proceeds section. The committee meets at least on an annual basis or when needed. The Green Finance Committee is comprised of representatives from treasury department and relevant business units, including participation from the relevant environmental specialists in the organization, where the sustainability representative has veto.

The Green Finance Committee is responsible for:

Evaluating the compliance of proposed assets with the eligibility criteria outlined in the Use of Proceeds section above.

Ensuring that the pool of Eligible Projects is aligned with the categories and criteria as specified in the Use of Proceeds section.

Replacing investments that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.)

On a best effort basis, reviewing and updating the content of the Green Finance Framework and managing any future updates of this document to reflect relevant changes in the Company's corporate strategy, technology and market developments.

The Eligible Projects contribute to the Green Bond Principles environmental objective "Climate change mitigation". When selecting projects, Å Energi identifies and manages perceived social and environmental risks related to the projects through the principles in the Code of Conduct approved by the group Board of Directors.

3. Management of proceeds

Å Energi will establish a Green Financing Register to monitor Eligible Projects financed by the Green Bonds and Loans, as well as to provide an overview of the allocation of the net proceeds from the Green Bonds and Loans issued to the respective Eligible Projects. The value of the Eligible Projects detailed in the Green Financing Register will at least equal the aggregate net proceeds of all outstanding Å Energi Green Bonds and Loans. There may be periods when the total outstanding net proceeds of Green Bonds and Loans exceeds the value of the Eligible Projects in the Green Financing Register. Proceeds yet to be allocated towards Eligible Projects will be held and managed in accordance with Å Energi's liquidity management policy. The Green Financing Register will form the basis for the impact reporting.

4. Reporting

To enable investors to follow the development and improve transparency on projects financed, Å Energi will provide a Green Financing Report on an annual basis containing information on the allocation and impact of the securities issued under this framework. Å Energi intends to report on quantitative impact indicators where feasible and where relevant data is available. The Green Financing Report will include the two following reports:

Allocation Reporting

1. A description of the portfolio of Eligible Assets;
2. Type of financing instruments utilized and respective outstanding amounts;

3. Information on the split between new financing and re-financing;
4. A list of Eligible Projects including the amounts allocated, including allocated and disbursed amounts per category and geographical distribution.

Impact Reporting

The impact reporting aims to disclose the environmental impact of the Eligible Projects financed under this Framework, based on Å Energi's financing share of each project. As Å Energi can finance large and small Eligible Projects in the same project category, impact reporting will, to some extent, be aggregated.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

GBP Categories	Examples of impact indicators
Renewable energy	<ul style="list-style-type: none"> • Amount of renewable energy generated (GWh) • Expected and actual amount of capacity added, restored, connected and distributed • CO₂ avoided (GWh x combined margin emission factor)
Energy efficiency	<ul style="list-style-type: none"> • Expected efficiency gains achieved for the same output/service in energy efficiency projects • CO₂ avoided (GWh x combined margin emission factor) • Share of SF₆ load disconnect switches • Qualitative explanation of projects financed with proceeds of green financing

5. External Review

Second party opinion (pre-issuance)

Å Energi has engaged CICERO Shades of Green to act as an external verifier of this Green Financing Framework and the Eligible Projects to secure alignment with national and international guidelines.

Third-Party Review (post-issuance)

Å Energi has appointed an external third party to annually assure that the selection process for the financing of Eligible Projects and the allocation of the net proceeds of the Green Financing are done in accordance with Å Energi's Green Financing Framework.

Publicly Available Documents

The Green Financing Framework, the second party opinion, the third-party review, and the Green Financing Investor Letter will be publicly available on Å Energi's website.

