

GLITRE ENERGI AS

Green Finance Framework

September 2020

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ENERGI



1 INTRODUCTION

Glitre Energi is a Norwegian, integrated utility headquartered in Drammen with core activities in the Buskerud region. The group owns and operates hydropower plants with an annual production of 2.5 TWh of renewable energy, grid assets with about 100,000 customers and retail power sales with more than 50,000 end-users. In addition, the company has strategic ownership positions in national leaders within fiber optical infrastructure, wind and small-scale hydropower development and electrical infrastructure contractor and the district heating sector.

The group's annual mean hydropower production is 2.5 TWh generated by twelve wholly owned power plants and operatorship of another nine partially- or indirectly owned plants. The group's grid annually transmits about 2.5 TWh of electricity through more than 8,000 km of transmission and distribution network. The electricity retail sales activities annually sell more than 1 TWh of electricity.

Glitre Energi's ambition is to make tomorrow fully electric. We aim to be an active proponent and catalyst to support the green transition to low carbon, environmentally sound, reliable and affordable energy supply. This includes upgrading and expanding our hydropower production, building robust and smart grid systems as well as supporting our end-users to help them utilize the electricity efficiently.

As part of Glitre Energi's ongoing commitment to sustainability, a Green Finance Framework has been developed together with SEB to issue Green Finance Instruments such as Green Bonds, Green Loans and other Green debt instruments. This Green Finance Framework is alignment with the Green Bond Principles (GBP) 2018 as defined by the International Capital Market Association (ICMA), LMA and APLMA Green Loan Principles 2018 (GLP).

2 GREEN FINANCE INSTRUMENTS

Glitre Energi's Green Framework allows financing of its Eligible Projects with Green Finance Instruments. These Green Finance Instruments can be used to finance acquisition and development of new Eligible Projects, to renovate and upgrade existing Eligible Projects and to refinance existing Eligible Projects. The division of the allocation of Green Finance Instruments between new projects and refinancing will be included in the annual Green Bond Investor Report (se section 6 below).

3 USE OF PROCEEDS

"Eligible Projects" means a selected pool of Norwegian projects funded in whole, or in part, by Glitre Energi, or its subsidiaries, that promote the transition to low carbon and climate resilient growth and a sustainable economy as determined by Glitre Energi. These Eligible projects include:

- **Renewable energy**
 - Construction, reconstruction and upgrading of renewable energy and related infrastructure. This could, for instance, include hydro power.
- **Energy efficiency**
 - Construction and reconstruction of transmission- and distribution network to connect new renewable energy to the grid,
 - Upgrading av of transmission- and distribution network to decrease losses and/or enhance transmission capacity for renewable energy,
 - Development and construction of energy storage, energy recovery and smart grids.

Glitre Energi will not finance nuclear or fossil energy generation projects through its Green Financing Instruments.

Issuance of Glitre Energi Green Financing Instruments are the preferred means of financing the group's Eligible Projects and the commitment to issue Green Financing Instruments is defined in Glitre Energi's policy for financing and risk management.

4 PROCESS FOR PROJECT EVALUATION AND SELECTION

Eligible Projects will be evaluated, selected and approved in consensus by the treasury department and relevant business unit at Glitre Energi, including participation from the relevant environmental specialists in the organization (the environmental specialist to have veto). Proceeds from the Green Financing Instruments will be used exclusively to projects that meet the certification criteria under "Eligible Projects".

5 MANAGEMENT OF PROCEEDS

Glitre Energi will at all times maintain and monitor a register of Eligible Projects attributable to the proceeds of any Green Financing issuance. If, at any time, the total amount of proceeds from Green Financing exceeds the total value of Eligible Projects, the excess liquidity will be managed in accordance with Glitre Energi's liquidity management policy.

6 REPORTING AND TRANSPARENCY

To enable investors to follow the development and provide insight to prioritized areas, Glitre Energi will provide an annual Green Financing Investor Report to investors including:

- a) A list of the projects financed including amounts, a brief description of the projects and their expected environmental impacts;
- b) Information about the division of the allocation of Green Financing Instruments proceeds between new projects and refinancing.

Glitre Energi recognizes the importance of transparency and investors' interest in impact reporting on projects financed with Green Financing Instruments. It is Glitre Energi's ambition to report on the expected amount of renewable energy added/restored/connected/distributed for renewable projects and on the expected efficiency gains achieved for the same output/service in energy efficiency projects when feasible.

The management and allocation of funds from the Green Financing proceeds, and the annual Green Financing Investor Report will be verified by Glitre Energi's internal compliance function. The Green Financing Investor Report and the opinion of the internal compliance function will be made publicly available on Glitre Energi's website.

Glitre Energi will have its Green Finance Framework reviewed by the Centre for International Climate and Environmental Research - Oslo (CICERO) who will issue a Second Opinion. The Second Opinion as well as the Green Finance Framework will be made publicly available on Glitre Energi's web site.

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