



Eidsiva – Green Bonds Framework

28 August 2017

1. Introduction

Eidsiva is a regional energy group located inland in Norway with four business areas. These are energy production (hydro, wind and district heating), energy distribution, energy retail and telecom (broadband). Ownership of Eidsiva is distributed among the two local counties and 27 municipalities.

Eidsivas annual turnover is approximately 4 billion NOK, the total number of employees is 1000 and the energy production is 4TWh per year. Eidsiva Nett (distribution grid) has a customer base of 160 000, and the extension of the grid is 22 000 km.

Eidsiva bredbånd (broadband) is continuously growing its customer base, the current level being 58 000 customers. 30 000 of these are connected through optic fibre. New homes connected in 2017 is estimated to be 10.000.

Eidsiva has 50% ownership of the two brands Eidsiva Marked and Gudbrandsdal Energi in the retail market in a joint venture (Innlandskraft AS) with Gudbrandsdal Energi Holding AS. Total customer base for the two brands is 230 000.

This Green Bonds Framework is developed in alignment with the Green Bond Principles 2017¹.

2. Use of Proceeds

“Eligible Projects” means a selected pool of projects in Norway funded, in whole or in part, by Eidsiva or its subsidiaries that promote the transition to low carbon and climate resilient growth and a sustainable economy as determined by Eidsiva.

¹ See International Capital Market Association, ICMA:
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

Eligible Projects:

- **Renewable energy** including hydro, wind power and related infrastructure.
- **Energy efficiency** including district heating, connection of renewable energy to transmission networks, upgrading of transmission and distribution networks and smart grids

Eidsiva Green Bonds will not finance nuclear or fossil energy generation projects.

Eidsiva Green Bonds can be used to finance the 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 Bond proceeds between new projects and refinancing will be included in the annual Green Bond Investor Letter (see section 5 below).

3. Process for Project Evaluation and Selection

Eligible Projects will be selected, evaluated and approved in consensus by the Finance Department and the relevant production unit at Eidsiva (i.e. the environmental specialists in the Eidsiva production units have a veto). Proceeds from the Green Bonds will be used exclusively to projects that meet the criteria specified in section 2 and that have a high likelihood of delivering positive net environmental effects in the long term.

4. Management of Proceeds

An amount equal to the net proceeds of the issue of the Green Bonds will be credited to a special account that will support Eidsiva's funding of Eligible Projects. As long as the Green Bonds are outstanding and the special account has a positive balance, at the end of every fiscal quarter, funds will be deducted from the special account and added to Eidsiva's Green Project Portfolio in an amount equal to all disbursements made during such quarter in respect of financing and/or refinancing of Eligible Projects. Until disbursement to Eligible Projects, the special account balance will be placed in liquidity reserves and managed accordingly. If, for any reason, a financed Eligible Project no longer meets the eligibility criteria, it will be removed from the Green Project Portfolio.

5. Reporting

To enable investors to follow the development and provide insight to prioritized areas, Eidsiva will provide an annual Green Bond Investor Letter to investors including:

- a) a list of the projects financed including a brief description and expected impact;
- b) information about the division of the allocation of Green Bond proceeds between new projects and refinancing;
- c) a summary of Eidsiva's Green Bond development.

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

The internal tracking method, the allocation of funds from the Green Bond proceeds and the Investor Letter will be verified by Eidsiva's internal compliance function. The Investor Letter and the opinion of the internal compliance function will be made publically available on Eidsiva's website.

Eidsiva will have its Green Bonds 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 Bonds Framework will be made publically available on Eidsiva's web site.