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Second Party Opinion

Eidsiva Energi Green Finance Framework

Jan. 10, 2025

Location: Norway

Sector: Utility networks

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023

See [Alignment Assessment](#) for more detail.

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Dark green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our [Shades of Green Analytical Approach](#) >

Strengths

Eligible activities aim to assist the transition to a low-carbon economy and are key to reducing emissions and meeting national climate targets. The eligible activities will help enhance the electricity grid's efficiency and its capacity to support the growth of the renewable energy market.

Weaknesses

No weaknesses to report.

Areas to watch

Data centers consume large amounts of energy, which are expected to increase due to the growth of AI and other technologies. Eidsiva's data centers will be connected to the Norwegian grid, which mainly consists of renewable energy. In addition, on-site renewable energy, in the form of solar panels, is also planned but expected to account for no more than 20% of the energy the data centers need. The data centers will also be operated efficiently and target a power usage effectiveness (PUE) ratio of 1.2.

Electrification, while an important way to significantly reduce emissions, can indirectly contribute to industries that have varying climate risk and impact profiles. Eidsiva has told us that the proceeds will not be used to finance connections from fossil fuel power, or downstream oil and gas assets, such as electrification of refineries.

Shades of Green Projects Assessment Summary

Over the three years following issuance, Eidsiva expects to allocate 92% of the proceeds to the energy efficiency project category and 8% to the renewable energy project category. Eidsiva also expects 30% to 50% of the proceeds to be allocated to refinancing projects, and the remainder to finance new projects.

Based on the project category Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Eidsiva's Green Finance Framework, we assess the framework Dark green.

Eligible projects under the green finance framework are assessed based on their environmental benefits and risks, using our Shades of Green methodology.

Energy efficiency

 Dark green

Distribution of electricity

- Electric grid investments as defined by, reported to, and accepted by the Norwegian Energy Regulatory Authority (NVE-RME) on an annual basis (hereafter, 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 that aim to increase the controllability and observability of the grid system or enable reduction of energy consumption.

Data center and information communications technology (ICT) solutions

- Data processing, hosting, and related activities through data centers, which have implemented all relevant practices listed as "expected practices" in applicable EU legislation and the global warming potential (GWP) of refrigerants used in the data centers' cooling system does not exceed 675.

Renewable energy

 Dark green

- Development, construction, installation, improvement, operation, repair, and maintenance of:
 - o Solar photovoltaic (PV) projects and related infrastructure.
 - o Wind power projects and related infrastructure.

See [Analysis Of Eligible Projects](#) for more detail.

EU Taxonomy Assessment Summary

We believe Eidsiva's eligible economic activities under the EU Taxonomy meet both the substantial contribution and do no significant (DNSH) criteria, and its procedures are aligned with the minimum safeguards.

Eidsiva operates in Norway, where all its projects will be located. Norway requires an environmental impact assessment to be conducted for all major industrial and infrastructure projects. Regarding physical risks, the issuer has conducted an assessment to identify physical climate risks that could affect its operations, using 1.5 degree Celsius (1.5 C) and 4.0 C climate scenarios with a 2100 timeline, and implementing adequate measures, in line with the adaptation DNSH criteria.

Regarding minimum safeguards, Eidsiva reports under the Norway Transparency Act, which requires companies to ensure that human rights and decent working conditions are respected.

Economic activity	Technical screening criteria			Overall alignment
	Substantial contribution	Do no significant harm	Minimum safeguards (Issuer level)	
4.1 Electricity generation from solar photovoltaic technology	✓	✓		✓
4.3 Electricity generation from wind power	✓	✓		✓
4.9 Transmission and distribution of electricity	✓	✓	✓	✓
8.1 Data processing, hosting, and related activities	✓	✓		✓

Aligned = ✓ Not aligned = ✗ Not covered by the technical screening criteria = —

See [EU Taxonomy Assessment](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Norway-based Eidsiva Energi is the country's largest power grid company, with significant holdings in hydro power. Together with its subsidiaries, the company engages in the production, distribution, and sale of renewable energy in Norway.

Eidsiva produces energy through hydro and wind power plants, it builds, operates, maintains, and renews a power grid of 66,000 kilometers and has over 75,000 fiber and broadband customers. It also provides district heating and broadband services. As of 2023, Eidsiva's revenue amounted to Norwegian krone (NOK) 10 billion (about €1 billion), derived from its three operating segments: Power Distribution (84% of revenue), Bioenergy (6%), and Broadband (10%). Eidsiva operates exclusively in Norway.

Hafslund AS (owned by the city of Oslo) owns 50% of Eidsiva, while Innlandet Energi Holding AS owns about 49%. The remaining shares are owned by the Municipality of Åmot.

Material Sustainability Factors

Climate transition risks

Climate transition risks are highly material to stakeholders but tend to have more bearing on electricity networks, given their critical role in the energy delivery value chain and their direct exposure to upstream generators, which are a leading cause of greenhouse gas emissions. The energy sector's ongoing decarbonization is expected to triple its reliance on renewables, which comes with significant grid expansion. This expansion faces the challenge of reducing leaks of SF6, a potent greenhouse gas in electrical transmission facilities. Addressing these leaks is crucial to reducing climate change impacts in the power transmission sector. Norway's climate goals place great emphasis on electrification and new green industries, thereby accelerating demand for renewable power.

Physical climate risk

Network operators own fixed assets that are exposed to physical climate risks, such as flooding or wildfires. These events can cause network service disruptions for large populations, elevating stakeholder materiality. Physical climate risks generally involve significant financial losses for operators due to repairs, but more importantly from exposure to extreme power price spikes or claims due to business disruption. Key risks in Norway include rising sea levels, rainfall floods, and increases in annual mean temperatures and precipitation.

Biodiversity and resource use

Activities linked to the transmission and distribution of electricity can have an impact on the surrounding biodiversity, given the use of land to support above-ground infrastructure. A lack of biodiversity considerations can lead to habitat loss, landscape fragmentation, and disruptions to species, undermining biodiversity and ecosystem services. For example, for pipelines in mountainous and vegetation-rich areas, less vegetation can make the area more susceptible to landslides.

Impact on communities

Community impacts can be acute for stakeholders, given how close networks typically are to where people live and work, and the essential role energy services play in community health and wellbeing globally. Stakeholders can be affected by the construction and siting of lines, especially in areas unaccustomed to industrial development and in indigenous territories.

Issuer And Context Analysis

The framework's project categories aim to address Eidsiva's most material sustainability factors. Investments in energy efficiency and renewable energy are key to mitigating climate transition risks. While investments under the framework may introduce some risks related to physical climate risks, biodiversity, and local communities, the company aims to address them through its climate and nature risk assessments, and regular consultation with local authorities during the project planning processes.

Eidsiva aims to achieve carbon neutrality across its value chain by 2050. To achieve this goal, it will focus on enhancing the grid's efficiency and capacity to support the growth of the region's renewable energy market. Eidsiva will also invest in the development of renewable energy projects. The company aims to reduce emissions across the value chain by 60% in 2030 and by 80% in 2040, from the 2022 level. Its most immediate decarbonization measures include sorting plastic waste and implementing carbon capture projects at its Trehörningen waste-incineration plant. The company has an ongoing project with external advisors to establish key measures to meet its targets.

We view as positive that Eidsiva plans to start an energy efficiency project in 2025 that focuses on grid losses, which account for approximately 98% of its energy consumption. The company plans to tackle these losses by using software that identifies the grid-loss flow for the entire grid, and modifying how the grid is operated to minimize losses. Eidsiva's subsidiary Elvia also works continuously on reducing SF6 leakages. For example, for higher voltages, the company has recently signed an agreement with a provider of zero-GWP insulation. The company still uses SF6 at lower voltages but is working toward finding an alternative without SF6.

Physical climate risk is key for Eidsiva, due to its geographic location and the fixed nature of its assets. The company's infrastructure is in Norway, where the most significant physical climate risks include flooding, storms, and landslides. Eidsiva aims to mitigate flooding risks at its distribution facilities by using elevated locations and waterproofing measures to manage surface water around cables entering substations. Furthermore, it has conducted a climate and nature risk assessment in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures framework to identify physical climate risks that are material to its facilities. The company uses 1.5 C and 4 C climate scenarios for the year

Second Party Opinion: Eidsiva Energi Green Finance Framework

2100 and considers the risks of each individual project and facility it operates, implementing adequate measures to mitigate those, such as ensuring assets are not located in flood-prone areas.

Eidsiva aims to address biodiversity risks that may arise during the construction of new projects through environmental impact assessments, in line with EU directives. Renewable energy projects have environmental benefits, but they can have a negative impact on biodiversity. To address these challenges, the company has undertaken a comprehensive climate and nature risk assessment to evaluate its ecological footprint and critical areas that require further action and mitigation strategies, with completion anticipated by early 2025. We note that some of its existing grids are in or near sensitive areas, and the company is in the process of conducting assessments and developing a corresponding plan.

The construction, development, and maintenance of power plants may introduce risks to Eidsiva's relationship with local communities, despite no previous friction. Although the company does not have specific guidelines for affected communities, the adverse impacts are managed through consultation with local authorities during the planning processes. Furthermore, the group avoids operating in areas that may conflict with the interests of the indigenous population.

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond and Loan principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023

✓ Use of proceeds

We assess all the framework's green project categories as having a green shade, and the issuer commits to allocating the net proceeds issued under the framework exclusively to eligible green projects. Please refer to the Analysis Of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds.

The issuer outlines a maximum look-back period of three years from issuance for operating expenditure. Some proceeds may be allocated to investments in shares of companies that derive at least 90% of their revenue from green activities. In such cases, the issuer has confirmed that the remaining 10% of the revenue would need to comply with the exclusion list. Although the bond issuer is Eidsiva Energi, depending on the business areas included in the framework, subsidiaries Elvia, Eidsiva Bredbånd, and Eidsiva Vekst may be allocated proceeds from the issuance.

✓ Process for project evaluation and selection

Eidsiva's Green Finance Committee is responsible for the allocation of proceeds based on the green eligibility criteria and the environmental, social, and governance risks of the projects, among other aspects. The committee comprises representatives from its finance and control team, and the business area of the relevant project, to evaluate and select eligible green projects. Furthermore, the issuer conducts due diligence by assessing environmental and social risks before selecting the projects. Eligible projects must also adhere to the company's environmental and social risk management practices, and Eidsiva will remove assets and expenditure that do not meet the eligibility criteria.

✓ Management of proceeds

The issuer commits to earmarking an equal amount of the net proceeds from the issued green finance instruments for the financing and refinancing of eligible green projects. Eidsiva's finance department will ensure that the value of green projects exceeds the total amount of green finance instruments outstanding. In case funded projects are sold or no longer meet the framework's eligibility criteria, the proceeds will be replaced by other eligible green projects as soon as practically possible. Unallocated proceeds will be held in cash or cash equivalents, including short-term money market instruments. The framework outlines an exclusion list, among which are fossil-fuel and nuclear energy generation.

✓ Reporting

Eidsiva commits to reporting annually on the allocation of proceeds and the impact of instruments issued under the framework, in a Green Finance Report on its website, as long as these instruments are outstanding or until full allocation of the proceeds. Reporting will include examples of projects financed, the share of capital versus operating spending, the amount each project receives, amount of unallocated proceeds, and the share of new financing versus refinancing. Reported impact indicators will include, for example, energy supplied to customers and/or transported to neighboring network systems, in terms of terrawatt hours per year. Eidsiva commits to receiving limited assurance on the allocation of the net proceeds until full allocation of the net proceeds

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)".

Overall Shades of Green Assessment

Based on the project category Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Eidsiva Green Finance Framework, we assess the framework Dark green.

Dark green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our [Shades of Green Analytical Approach](#) >

Green project categories

Energy efficiency

Assessment

 **Dark green**

Description

Distribution of electricity:

- Electric grid investments as defined by, reported to and accepted by 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 that aim to increase the controllability and observability of the grid system or enable reduction of energy consumption.

Data centers and ICT solutions:

- Data processing, hosting, and related activities through data centers, which have implemented all relevant practices listed as "expected practices" in applicable EU legislation and the GWP of refrigerants used in the data centers' cooling system does not exceed 675.

Analytical considerations

- Since more electrification will be needed across sectors to meet Norway's climate targets, it will require not only new renewable energy generation capacity, but also the expansion and strengthening of power grids to accommodate the increasing demand for electricity. At the same time, power networks should be managed carefully to avoid disrupting habitats and harming biodiversity, particularly in areas of high ecological value.
- We assess as Dark green Eidsiva's investments supporting the transmission and distribution of electricity, considering its contribution to Norway's climate targets, its support of growth of the regions' renewable energy market, and the low carbon intensity of Norway's grid. Eidsiva has stated that it will not use the proceeds to finance connections from fossil fuel power, or downstream oil and gas assets, such as electrification of refineries. We acknowledge that the electrification enabled by Eidsiva could be indirectly leveraged by industries that have varying climate risk and impact profiles. Nonetheless, we see electrification as Dark green, since it is one of the most important strategies to significantly reduce emissions and align with a net-zero future. In our view, smart grid investments and smart meters, which aim to reduce energy consumption, are important for reducing emissions, and we therefore consider them Dark green.
- The issuer has shared that a significant biodiversity impact of its operations occurs during maintenance of line pass ways. To mitigate biodiversity risks linked to its operations, such as impacts on endangered or valuable species, Eidsiva has established a nature policy, which was developed in accordance with the Norwegian Environmental Agency. Moreover, as per the group's policy, eligible projects will need to go through an extensive impact assessment, including regarding biodiversity risks. Regarding physical climate risks, Eidsiva has stated that it conducted an overall climate and nature risk assessment in 2022/2023, which comprised climate analysis using specific temperature scenarios. As a result of this analysis, the company identified key risks affecting its infrastructure, including flooding. Risks are considered individually for each project or facility, and adequate measures are implemented, such as ensuring that facilities are located at sufficient height above the ground, tree-proofing the grid pathways, storm-water management, and imposing stricter cable entry requirements, among other things.
- This project category includes Medium green elements, linked to the data centers and IT solutions. Because Eidsiva intends to allocate most proceeds to investments linked to the distribution of electricity, and a small share (less than 5%) to investments associated with data centers and ICT solutions, our overall assessment for this project category remains Dark green. Eidsiva has stated that its data centers would represent new investments and its role would be of a colocation provider. That means, it would operate the data center for the primary purpose of selling space, power, and cooling capacity to customers that will install and manage their own IT hardware and services. The main customers of the data centers are expected to be security infrastructure from Norway's public and private sectors. The data centers will rely mainly on the Norwegian grid, although on-site renewable energy in the form of solar panels is also planned. According to the issuer, on-site renewables would account for no more than 20% of the data centers' total energy needs. In Norway, the renewable share of the energy mix is already high (over 98% of electricity produced, as of 2022), which we view as positive. The data centers will be operated efficiently and in line with the expected practices in the European Code of Conduct on Data Center Energy Efficiency. New data centers to be constructed target a PUE ratio of about 1.2. Moreover, the issuer has stated that its infrastructure will use spill heat, connecting it to district heating infrastructure. Although these data centers are powered by renewable energy, the amount of energy consumed is quite high, and is expected to increase due to the growth of AI. In addition, the climate benefits from digitalization are still being disputed.
- We also consider the lack of information regarding how Eidsiva will manage water resources within the data centers, for instance through water reuse systems, although we understand the company will comply with all applicable regulations on water use.

Renewable energy

Assessment

 **Dark green**

Description













Development, construction, installation, improvement, operation, repair, and maintenance of:

- Solar PV projects and related infrastructure.
- Wind power projects and related infrastructure.

Analytical considerations

- Renewable energy projects such as solar PV and wind are key elements in limiting global warming to well below 2 C, provided their negative impacts on the local environment, and physical risks, are sufficiently mitigated.
- The company’s investments in wind and solar power plants support the Paris Agreement’s modelled pathways. These imply that almost all electricity is supplied from zero or low-carbon sources by 2050. In addition, Eidsiva has taken steps to address physical climate risks, impacts on biodiversity, and circularity in the value chain. As a result, we assess these projects as Dark green. In Norway, where the issuer operates, the electricity supply mix is almost exclusively based on renewables (98% in 2022), with hydropower playing a central role (92%). In line with its NDC (nationally determined contribution) under the Paris Agreement and the overarching goal of becoming a low-emission society by 2050, Norway is committed to reducing greenhouse gas emissions by 90%-95% compared to the 1990 levels.
- Eidsiva’s assets under the financing framework are exposed to physical climate risks, such as changes in precipitation patterns and strong winds. These events, which are becoming more frequent and severe, can cause network service disruptions for large populations and other operational stoppages. In response to this challenge, the issuer has informed us that all projects related to wind and solar power are thoroughly evaluated in line with current and future expected climate scenarios.
- Renewable energy sources like wind and solar can have a negative impact on local biodiversity. The process to mitigate environmental risks includes compliance with local environmental impact assessment (EIA) requirements, additional measures, and relevant policies. The Norwegian legislation relating to EIA provides detailed procedures to be followed for projects that have an impact on the environment, either through their size, production volume, or the proposed location. An EIA is mandatory for all major industrial and infrastructure projects, including renewable energy projects, and without a validated EIA, no permit can be issued. In line with Norwegian regulation, Eidsiva assesses local environmental impacts, especially on biodiversity, through comprehensive EIAs and baseline studies to identify and minimize risks. Mitigation strategies include well thought-out site selection, habitat restoration, and construction practices that reduce ecological disturbance. Positively, Eidsiva collaborates with local communities and nature conservation experts and has an adaptive management plan in place to address any unexpected issues. We note that the company is using only areas that have already been affected by human activity.
- There are carbon emission considerations at various steps of the life cycle of solar PV panels, batteries, and wind turbines, which range from sourcing of materials, manufacturing, transportation, and equipment’s end of life. Positively, the issuer has informed us that it conducts comprehensive life cycle assessments that apply to its entire value chain.

S&P Global Ratings' Shades of Green

Assessments					
 Dark green	 Medium green	 Light green	 Yellow	 Orange	 Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

EU Taxonomy Assessment

In our EU Taxonomy assessment, we opine on whether an eligible project to be financed aligns with the EU Taxonomy in cases when the economic activity is covered by technical screening criteria (TSC), which is incorporated into European law via delegated acts. (see”).

We believe Eidsiva’s economic activities eligible under the EU Taxonomy meet both the substantial contribution and DNSH criteria and its procedures are aligned with the minimum safeguards. EU Taxonomy activities that the issuer will finance are mainly energy activities, such as solar PV, wind, and electricity transition and distribution, but also relate to information and communication regarding the transition. All are located in Norway, which in some cases facilitates alignment with certain DNSH criteria, such as biodiversity.

Regarding the adaptation DNSH criteria, the company has conducted an assessment to identify physical climate risks that could affect its operations, using 1.5 C and 4.0 C climate scenarios with a 2100 timeline. Eidsiva also considers the specific risk of each project or facility and ensures that adequate measures are in place to prevent those. The main risks identified through the assessment are flooding, tree falls, landslides, and forest fires.

Norway requires an EIA (environmental impact assessment) to be conducted for all major industrial and infrastructure projects. These include an assessment of biodiversity-sensitive areas. In addition to the legal requirements, Eidsiva is also conducting nature screening to identify its nature footprint and commits to implementing mitigation measures accordingly.

Norway is part of the European Economic Area Agreement, through which it is required to adhere to a significant portion of EU legislation, including the Water Framework Directive (2000/60/EC) and Directive 2011/92/EU. Eidsiva complies with all applicable regulation and performs the required evaluations and analyses of the impacts on water and marine eco-environments.

Regarding the minimum safeguards, Eidsiva reports under the Norway Transparency Act, which requires companies to ensure human rights and decent working conditions are respected in their operations and supply chains.

EU Taxonomy – Detailed analysis

4.1 Electricity generation from solar PV technology

Eidsiva aims to finance the development, expansion, construction, maintenance, acquisition, and/or operation of PV solar technology, which can substantially contribute to climate change mitigation, in our view. The infrastructure is in Norway.

Opinion	Key findings
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Substantial contribution: Technical screening criteria assessment	
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- | | |
|---|---|
| ✓ | <ul style="list-style-type: none">We believe the electricity generation from solar PV technology project meets the TSC for a substantial contribution to the EU’s climate mitigation objective. |
|---|---|

Do no significant harm (DNSH): Technical screening criteria assessment	
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- | | |
|---|--|
| ✓ | <ul style="list-style-type: none">According to the TSC, this activity must not harm climate adaptation, the circular economy, or biodiversity. Water and pollution are not applicable for this eligible economic activity.For DNSH to the circular economy, Eidsiva will, when feasible, choose recyclable components for its solar panels. The company will also ensure that its procurement process has a strong focus on component quality to minimize replacements throughout the projects’ life span. Eidsiva has stated that it will also hire technical assessment companies, such as PI Berlin, a technical consultant expert focused on solar PV energy, to verify the robustness and recyclability of the materials used. |
|---|--|

Second Party Opinion: Eidsiva Energi Green Finance Framework

- Regarding how Eidsiva aims to address the DNSH criteria for climate adaptation, please refer to the DNSH rationale in “Analysis of the generic DNSH criteria”.
- Regarding how Eidsiva aims to address DNSH for biodiversity, please refer to the DNSH rationale in “Analysis of the generic DNSH criteria”.

4.3 Electricity generation from wind power

Eidsiva will finance the development, construction, installation, improvement, repair, maintenance, and operation of electricity generation from wind power, which can substantially contribute to climate change mitigation, in our view.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- ✓
- We believe electricity generations from wind power project meets the TSC for a substantial contribution to the EU' s climate mitigation objective.

Do no significant harm (DNSH): Technical screening criteria assessment

- ✓
- According to the TSC, this activity must not harm climate adaptation, circular economy, and biodiversity efforts. Pollution prevention and water are not applicable for this eligible economic activity, since the issuer has confirmed that no offshore wind project is expected to be part of the financing.
 - For DNSH to the circular economy, Eidsiva collaborates with recognized, top-tier suppliers, such as Vestas or Siemens to ensure use of equipment and components of high durability and recyclability. These suppliers continuously work on sustainability and reducing emissions and waste after recycling. For example, the average Vestas wind turbine is 85% recyclable. That means at least 85% of the weight of the turbine can be fully recycled or reused. Vestas is also working toward the development of composite recycling technologies to achieve the goal of zero-waste wind turbines by 2040.
 - Regarding how Eidsiva aims to address DNSH criteria for climate adaptation, please refer to the DNSH rationale in “Analysis of the generic DNSH criteria”.
 - Regarding how Eidsiva aims to address DNSH for biodiversity, please refer to the DNSH rationale in “Analysis of the generic DNSH criteria”.

4.9 Transmission and distribution of electricity

This project relates to Eidsiva's investment in energy efficiency, and will consist of electric grid investments as defined by, reported to, and accepted by the NVE-RME on an annual basis. The infrastructure is in Norway.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

The economic activity in this category meets the substantial contribution TSC. Specifically:

- ✓
- The construction and operation of direct connections, or expansion of existing direct connections, of low carbon electricity generation below the threshold of 100 grams of carbon dioxide equivalent per kilowatt hour (gCO₂e/kWh), measured on a life cycle basis, to a substation or network.
 - Installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 548/2014 and, for medium power transformers with the highest voltage, for equipment not exceeding 36 kilovolts, with AAO level requirements on no-load losses, set out in standard EN 50588-1.
 - Construction or installation and operation of equipment and infrastructure, where the main objective is an increase of the generation or use of renewable electricity generation.
 - Installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including:
 - Sensors and measurement tools (such as meteorological sensors for forecasting renewable production).

Second Party Opinion: Eidsiva Energi Green Finance Framework

- Communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralized renewable infeed).
- Installation of equipment such as, but not limited to, future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council, which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs.
- Construction or installation of equipment to allow for exchange of specifically renewable electricity between users.
- Construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant.
- The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria:
 - The system is an interconnected European system, that is, in the interconnected control areas of EU member states, Norway, Switzerland, and the U.K., and its subordinated systems.
 - More than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO₂e/kWh, measured on a life cycle basis under electricity generation criteria, over a rolling five-year period.
 - The average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO₂e/kWh, measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period.

In line with the TSC requirements, the issuer has confirmed that:

- If any power generation over the threshold value of 100 gCO₂e/kWh would be connected, the cost of connecting it would not be eligible to be financed under the green finance framework.
- The installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 will not be eligible to be financed under the green finance framework.

Do no significant harm (DNSH): Technical screening criteria assessment

- According to the EU Taxonomy's requirements, the relevant DNSH areas for this activity are climate adaptation, circular economy, pollution prevention, and biodiversity.
- ✓ In line with the circular economy requirements outlined in the DNSH criteria, Eidsiva has a waste management plan in place, ensures waste sorting at construction sites, as well as maximum reuse or recycling through agreements with suppliers and third parties. Specifically, Eidsiva has an agreement with RagnSells and Metallco for waste management and recycling. In addition, Elvia receives annual reports from contractors about its waste management and ensures no waste is left on the roadside once construction work has been completed. Regarding SF₆, one of the most potent greenhouse gases, Eidsiva has employed certified personnel for properly handling breakers with SF₆ gas during dismantling and scrapping assets. In addition, in the northern part of Norway, Elvia is promoting the reuse of materials and extending the lifecycle of old substations and installations.
- Regarding pollution prevention under the DNSH criteria, Eidsiva states that its assets comply with International Finance Corp.'s general environmental, health, and safety guidelines, since they adhere to Norwegian regulation, including Construction Client Regulation and the Working Environment Act. Additionally, concerning the requirement related to electromagnetic fields, Eidsiva meets the criteria by following the provisions of the Norwegian Radiation Protection Regulations. As required by the TSC, Eidsiva does not use PCBs (polychlorinated biphenyls), in compliance with national regulation.

8.1 Data processing, hosting, and related activities

- This project relates to Eidsiva's investment in data processing, hosting, and related activities through data centers. Eidsiva has stated that its data centers would represent new investments and its role would be of a colocation provider. The infrastructure is in Norway.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- ✓ Eidsiva aims to finance expenditure related to data processing, hosting, and related activities encompassed in the framework, which can substantially contribute to climate change mitigation, in our view.
- The economic activity in this category is regarded as enabling the meeting of the substantial contribution TSC. Specifically:

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- The activity has implemented all relevant practices listed as “expected practices” in 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 center facilities and infrastructures - Part 99-1: Recommended practices for energy management.”
- The implementation of those practices is verified by an independent third party and audited at least every three years.
- 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.
- The GWP of refrigerants used in the data center cooling system does not exceed 675.

Do no significant harm (DNSH): Technical screening criteria assessment

- According to the TSC, this activity must not harm climate adaptation, water, and circular economy. Pollution prevention and biodiversity efforts are not applicable for this eligible economic activity.
- ✓ Eidsiva complies with the DNSH criteria for a circular economy by complying with the requirements of Directive 2009/125/EC for servers and data storage products, and ensuring that the equipment used does not contain restricted substances listed in the EU Taxonomy regulation. Eidsiva also has a waste management plan that ensures maximum recycling at the end of the life of electrical and electronic equipment, as well as proper disposal of electronic waste when needed.
- Regarding climate adaptation, our view is that the issuer is aligned with the DNSH criteria. For further information, please refer to the rationale in “Analysis of the generic DNSH criteria”.
- Regarding sustainable water, our view is that the issuer is aligned with the DNSH criteria. For further information, please refer to the rationale in “Analysis of the generic DNSH criteria”.

Aligned = ✓ Not aligned = ✗

Analysis of the generic DNSH criteria

Opinion	Environmental objective	Key findings
✓	Climate adaptation	<p>Eidsiva has conducted a physical climate risk assessment, in accordance with the TCFD¹ recommendations, to identify which physical climate risks may affect the performance of the economic activity during its expected lifetime. This included analyses of both 1.5 C and 4 C climate scenarios in 2100. The findings confirmed that the main physical climate risks include floods and tree falls, in addition to other secondary risks such as landslides and forest fires.</p> <p>As a result of the climate risk assessment, Eidsiva is implementing adaptation solutions. For example, the project managers in the group's maintenance department are responsible for vegetation control and focus on tree-proofing the grid pathways. They scan the lines and assess which trees might pose a risk. The requirements they set are adjusted based on climate changes with more frequent and stronger winds. Additionally, the issuer imposes stricter requirements for cable entry in existing and new buildings and ensures that storm-water management is considered when investments and reinvestments are made in substations.</p> <p>Eidsiva adheres to NVE RME guidelines when assessing and applying for permission to build new installations, considering social, environmental, and economic aspects. For larger projects, such as larger grid line pathways, a public consultation process is in place and part of a stringent assessment.</p>
✓	Sustainable water	<p>Eidsiva will comply with all laws and regulations and perform necessary evaluations and analysis of the impact on water and marine eco-environments. Through the European Economic Area Agreement, Norway adheres to a significant portion of EU legislation, including the Water Framework Directive (2000/60/EC) and Directive 2011/92/EU. Through compliance with regulation, Eidsiva establishes processes to ensure that degradation risks related to preserving water quality and avoiding water stress are identified and addressed.</p>
✓	Pollution prevention	<p>No activity under the framework is subject to the generic DNSH under pollution prevention.</p>
✓	Biodiversity protection	<p>In Norway, conducting an EIA is a legal requirement for all major industrial and infrastructure projects and, without a validated EIA, no permit can be issued, including in the biodiversity-sensitive areas. In addition to EIAs, Eidsiva is currently performing nature screening to identify its nature footprint and commits to implementing mitigation measures accordingly. Eidsiva does not build new installations in</p>

or near sensitive areas wherever possible, and when doing maintenance on the existing installation in or near sensitive areas, it ensures that that it is done in a way that has the least possible impact on the local environment.

Aligned = ✓ Not aligned = ✗

Minimum safeguards assessment at issuer level

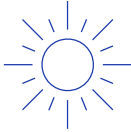



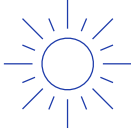

Opinion	Key findings
✓	<ul style="list-style-type: none"> • Eidsiva is covered by the Norway Transparency Act, which requires companies to ensure human rights and decent working conditions are respected in their operations and supply chains. Three European countries, including Norway, have adopted the national level mandatory human rights due-diligence legislation, which draws on the UN's guiding principles on business and human rights (UNGPs) and The Organization for Economic Cooperation and Development's Due Diligence Guidance for Responsible Business Conduct. According to the Platform on Sustainable Finance, this law has some potential overlap with Article 18 requirements, which deal with minimum safeguards. After analyzing publicly available information and that provided by the issuer, in our view, Eidsiva's commitment on due diligence is in line with the minimum safeguard requirements. • Under Norway's Transparency Act, Eidsiva started publishing its due diligence report in 2023. This report includes the information on how Eidsiva identifies and assesses human rights risks, both in its own operations and in the supply chain. The risk assessment was based on severity, scope, possibility of recovery, and probability. To address identified risks, Eidsiva implemented mitigation measures that apply to its entire value chain. Specifically, Eidsiva is using an external qualification scheme to prequalify its suppliers. It selects potential suppliers only if they meet a number of stringent requirements, including on human rights, working conditions, ethical business conduct, and the performance in their own value chains. Examples of other mitigation measures include factory visits, internal and external audits, and monitoring how risks associated with poor working conditions within transport services are handled. Eidsiva has also implemented a project to map and mitigate risks associated with copper extraction. It also has an external channel in place that guarantees anonymity for whistleblowers. Three reports were received through the external channel in 2023 and we understand they were all properly handled and closed. • Eidsiva has established internal controls to detect and prevent bribery and corruption. Specifically, the company's code of conduct establishes the main guidelines against corruption and all forms of bribery, fraud, and illegal business activities throughout the value chain. It is a requirement for all employees to complete training on ethical conduct. Additionally, Eidsiva has set requirements for all suppliers that cover anti-corruption and bribery policies and measures. The company's other internal controls include two-step verification of payments to suppliers and changes made to the supplier relationship. • Eidsiva treats governance and compliance topics as critical elements of oversight. The responsibility for tax governance and compliance lies with the head of accounting, who reports directly to the CFO. In Norway, the external auditor responsible for auditing the financial statements also audits and certifies the tax statement. Approval of the tax return serves as quality assurance for proper tax management and compliance. • Regarding the minimum safeguards on fair competition, the Norwegian Competition Act, which is largely harmonized with EU competition rules, includes the prohibition of agreements that restrict competition, abuse of dominant positions, and leniency provisions. Elvia, as a network company, is subject to regulations promoting competitive neutrality, which also apply to monopolist grid operators. The regulation mandates that Elvia must provide regular training to all employees on the requirements and obligations related to neutrality. Recently, all Elvia's employees, along with Eidsiva's employees, closely collaborating with the grid operator, completed the annual online learning module on this topic. Regarding compliance with competition law, specifically the Public Procurement Act, Eidsiva's procurement policy stipulates that all purchases exceeding NOK100,000 must undergo a competitive process and that the procurement department is responsible for ensuring compliance with Norway's procurement law. • Finally, following the external sources' European Commission's Platform on Sustainable Finance recommendations on minimum safeguards and the issuer's confirmation, we have found no evidence of the issuer being convicted of breaching any of the four minimum safeguards topics.

Aligned = ✓ Not aligned = ✗

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs			
Energy efficiency	 7. Affordable and clean energy*	 9. Industry, innovation and infrastructure*	 11. Sustainable cities and communities	 13. Climate action
Renewable energy	 7. Affordable and clean energy*		 13. Climate action	

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Analytical Approach: Second Party Opinions: Use Of Proceeds](#), July 27, 2023
- [FAQ: Applying Our Integrated Analytical Approach For Use-Of-Proceeds Second Party Opinions](#), July 27, 2023
- [Analytical Approach: Shades Of Green Assessments](#), July 27, 2023

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