

Eidsiva.

Green Finance Report.

2021





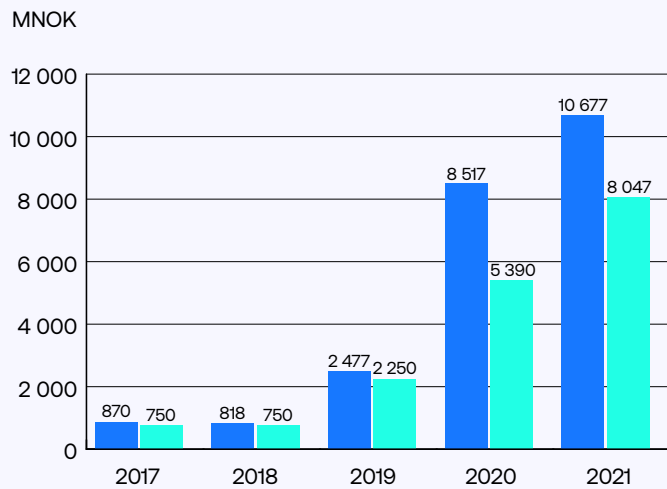
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Summary as of 31 december 2021

Financial Instruments and Asset Pool of eligible projects

- Asset Pool Eligible Prosjects (reported)
- Green Finance Instruments

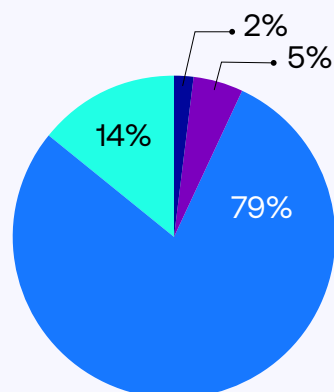


Key information about Eidsiva and assets

Delivered volume distribution grid (TWh) 2021	24 TWh
Number of grid customers EoY 2021	949,000
Connected wind power and hydropower to distribution grid	11.5 TWh/yr
Connected wind power and hydropower to distribution grid since 2017	1.7 TWh/yr 578 MW
New wind turbines/new large hydropower turbines connected since 2017	98 wind turbines 4 large hydro turbines
Renewable share district heating 2021	97,5%
Delivered bioenergy (GWh)	474 GWh
Number of active fibre customers	76,000

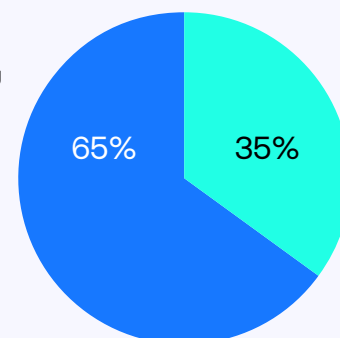
Distribution of Asset Pool

- Hydro and Wind Power*
- Distribution Grid
- Telecommunications
- District heating



Green Finance Instruments

- Financing
- Refinancing



Basic information

Green Finance Framework applied	Green Finance Framework dated November 2021.
Replaced Green Finance Frameworks	Green Finance Framework dated October 2019 and Green Bond Framework dated September 2017.
External assurance – Green Finance Report (2021)	PwC
External verifier – Green Finance Framework	Cicero Shades of Green (valid 3 years from 18 November 2021).
Report publication date	08.04.2022
Frequency of reporting	Annual
Next reporting planned for	March/April 2023
Reporting period	Reporting for calendar year 2021. Comprises eligible projects acquired, under construction or in operation from 2016 until year-end 2021.
Reporting approach	Portfolio-based reporting. Asset pool is dynamic and presented on a rolling basis.
Reporting currency	Norwegian kroner (NOK)
Look-back-period	The environmental benefits of our Green Projects erode slowly. A maximum look-back period of 3 calendar years from the time the project was acquired or put into operation is used when creating the asset pool.
Financing/refinancing	Financing defined as Green Projects acquired or put into operation less than 12 months prior to debt issue.
Major changes since previous reporting	Telecommunications (fibre optical networks) included in the new framework from November 2021 as eligible category. Telecommunication projects included from 2018 retroactively. Project loans (fibre optics) from Nordic Investment Bank (NIB) are also included retroactively from 2019. District heating included in asset pool from 2021 with look-back period of 3 years. Reporting on overall categories and not on individual projects from 2021.

* Eidsiva's share of projects in Eidsiva Vannkraft included to 30.09.2019 when partially sold.

About Eidsiva Energi and Green Finance.



The ongoing decentralisation, digitalisation, and decarbonisation of energy requires major investments. Our electricity networks connect electricity producers and consumers, enable more fossil-free electricity production, electrification of transport and industry, and create conditions for new climate-smart services for our customers. In February 2020, Norway raised its targets for emissions cuts compared to 1990 levels to 50–55%. The implementation of electrification measures will make up 34% of total emissions reductions between 2021–2030 in Norway.

Considerable funds were invested in sustainable projects in 2021 led by Eidsiva Energi. Eidsiva Energi also has a significant investment programme aimed at profitable, sustainable infrastructure projects over the next few years.

With total outstanding bonds of NOK 5,350 million, Eidsiva is Norway's second-largest corporate issuer of green bonds. Nordic Investment Bank also co-finances a considerable share of our eligible projects through various project loans.

Eidsiva Energi's subsidiary, Elvia, has a total of 949,000 customers. Elvia supplies about 2 million residents with

electric power every day. Just under 100 production units are connected to Elvia's grid, which produce just over 11.5 TWh per year of renewable energy. New, renewable production from hydropower and wind power plants has been added in the amount of 1.7 TWh per year since 2017. When fully installed, 98 wind turbines and 4 major hydropower units (>10 MW) will have been connected to Elvia's distribution grid since 2017.

Elvia's distribution grid is continually being upgraded and the goal for the regional distribution grid is 132 kV. When upgrading the grid from 66 kV to 132 kV it is estimated that grid losses are reduced by 75%, all other variables remaining unchanged. New transformers will also reduce energy losses and run more quietly than the previous ones.

Elvia's growth in terms of new customers is expected to be just under 10,000 subscriptions per year. Elvia's electricity grid covers an area of about 50,000 km². This is the equivalent of an area slightly larger than Denmark. Elvia operates the electricity grid in Innlandet (formerly Hedmark and Oppland), Viken (formerly Østfold and Akershus), and Oslo, 24 hours a day, 365 days a year. Elvia's distribution grid transported an energy volume of 24 TWh in 2021.



Eidsiva Bredbånd delivers fibre and broadband services to residents of Innlandet county. The customer base includes households, companies, public-sector enterprises and the leisure market. The goal is to reach 110,000 fibre customers by 2025. Fibre and broadband services are included as a qualified project category in our new framework for green financing from 2021. Research shows that the energy consumption when transmitting large amounts of data is significantly lower with the use of fibre technology than with alternative technology. In some cases, this has been 8 times lower.

Eidsiva Bioenergi delivers district heating from ten different plants. It ensures less strain on the electricity grid and utilises local resources for energy production. The goal is to increase production to 500 GWh by 2025. There are differences between the plants, and they vary in terms of what resources they use for combustion, including waste and wood chips. The plants largely make use of resources that would otherwise have gone to waste, as they cannot be used for anything other than energy production.

Eidsiva is part owner of Norway's second-largest producer of hydropower Hafslund Eco Vannkraft (42.8%). Until 2019, Eidsiva financed several hydropower and wind

power projects with the issue proceeds from our first issue of green bonds in 2017. Eidsiva's share of the projects is included in our portfolio of eligible projects, with a yearly energy production of 112 GWh and an equivalent emission reduction of 35,000 tonnes CO₂e/yr.

We are pleased with the interest a broad range of investors are showing in financing the energy transition and continue to explore the ways in which green financing can help to finance our projects.

Petter Myrvold

Chief Financial Officer – Eidsiva Energi, 29 March 2022







Our new Green Finance Framework



Eidsiva Energi updated its green framework for financing in 2021. Eidsiva's first green framework for financing was established in 2017 and updated in 2019. The framework was expanded in 2021 to reflect the scope of Eidsiva's portfolio of sustainable projects in all business areas and under part ownership. The framework is based on the Green Bond Principles established by the International Capital Market Association (ICMA). ICMA aims to promote well-functioning capital markets. [Our existing framework is available here](#) 

In our new framework, Telecommunications (Fibre Optical Networks) and Clean Transportation are included as new eligible categories.

Cicero Shades of Green performed an independent evaluation of our framework in 2021, as in 2017 and 2019. Cicero Shades of Green gave our new framework a rating of Dark Green, with a partial rating of "Good" for Governance in 2021. [Cicero's independent review is available here](#) 

Category (ICMA)	Eligible Green Projects	UN Sustainable Goal	Potential Impact
Energy efficiency 	<ul style="list-style-type: none"> o Connection of renewable energy to distribution networks o Upgrading distribution networks o Smart meters and smart grids o Telecommunications networks o District heating and cooling o Distribution of district heating and cooling o Production of heat/cooling from waste 		<ul style="list-style-type: none"> o Added distribution capacity o SAIDI (System Average Interruption Index) o Kilometres fibreoptic network o Number of new optic fiber customers o Added generation capacity o Annual reduction or avoided GHG emissions
Renewable energy 	<ul style="list-style-type: none"> o Hydro power and related infrastructure o Wind power and related infrastructure 		<ul style="list-style-type: none"> o Added renewable capacity o tCO₂ emissions avoided o Actual annual energy generation (MWh)
Clean transportation 	<ul style="list-style-type: none"> o Infrastructure for zero-emission transport such as electric vehicles and vessels 		<ul style="list-style-type: none"> o Number of installed charging stations for electric vehicles and vessels

Activities within sustainability in 2021

Eidsiva refinanced two bilateral revolving credit facilities in 2021 and replaced them with two long-term syndicated club deals involving five Norwegian core banks. Eidsiva's ambition is to have the financial terms in the revolving credit facilities linked to sustainability targets. The plan is to establish sustainability key performance indicators and sustainability targets together with the bank syndicate by the end of May 2022.

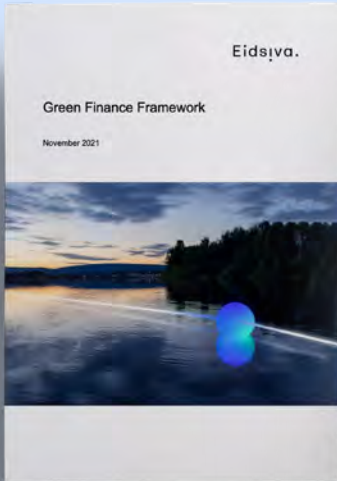
As part of our Green Finance Framework, Eidsiva included an assessment of Green Project categories in the Green Finance Framework against economic activities in the EU Taxonomy (as of April 2021). Cicero Shades of Green has evaluated Eidsiva's alignment with the EU taxonomy based on information provided by Eidsiva. CICERO Green determined that Eidsiva is likely aligned with the relevant EU taxonomy mitigation thresholds where applicable (the Telecommunication Network category is not included as an activity in the

EU taxonomy.) Cicero concluded that Eidsiva has some gaps with respect to the Do No Significant Harm (DNSH) criteria for climate change adaptation, transition to a circular economy, and pollution prevention and monitoring. Cicero also recommended Eidsiva to implement social risk due diligence in a more systematic way. Cicero's evaluation is available as an appendix to its second opinion on the Green Finance Framework.

For additional information on activities for sustainability, we refer to case studies in this report, and to a more in-depth description of our Sustainability report for 2021.

Eidsiva established a new procedure for green project evaluation and selection in 2021. [The new procedure is published on our website for financial information](#)  (currently only in Norwegian).

More information about our sustainable performance:



Reporting 2021.

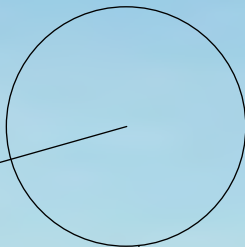


In accordance with Eidsiva's new Green Finance Framework, the following must be reported to the company's lenders at least yearly:

1) An Allocation Report

- o Amounts invested in each of the Green Project categories defined in this Green Finance Framework and the share of new financing versus refinancing.
- o Examples of Green Projects funded by Green Finance Instruments.
- o The nominal amount of Green Finance Instruments outstanding, divided into Green Bonds and Green Loans.
- o The amount of net proceeds awaiting allocation to Green Projects (if any).
- o Information on possible changes/developments in the EU Taxonomy Regulation and defined activities criteria that may be of relevance for our Green Project criteria.

2) An Impact Report aims to disclose the environmental impact of the Green Projects financed under this Framework. Impact report calculations will, to some extent, be aggregated, and depending on data availability, be made on a best intention basis. For projects under construction, calculations may be based on preliminary estimates. Eidsiva strives to apply the recommendations stated in the Nordic Positions Paper when applicable.





Reporting principles – general information

The project portfolio will be assessed before issuing green financial instruments with the aim of securing access to green eligible projects in the coming calendar year.

To ensure transparency and accountability in the selection of Green Projects, Eidsiva has established an internal Green Finance Committee, which is responsible for reporting and the evaluation and selection process. The committee had 6 meetings in relation to the 2021 reporting and selection and evaluation process.

PwC has carried out a limited assurance report for Eidsiva's 2021 reporting – see enclosure.

Reporting principles – allocation report

For all investments, amounts are stated following deductions for customer financing, contributions from government bodies (capital contributions) and after contributions from co-investors in the projects.

Eidsiva purchased Hafslund Nett in 2019. Hafslund Nett AS and Eidsiva Nett AS merged in 2019, where the new company was named Elvia. Investments in the former Hafslund Nett are included as eligible projects with a look-back period of 3 calendar years.

Grid investments can sometimes meet the criteria for several of the categories in the Green Framework. Eidsiva has used best judgement in its reports on the various categories (connection of new power production, smart grids, and general strengthening of the grid and other classification as an example).

Investments sold during the year are deducted from historically invested amounts. On 30 September 2019, Eidsiva Vannkraft was partially sold to Hafslund Eco. Eidsiva currently has an indirect ownership interest of

42.8% in these investments. Due to the sale, 57.2% of all investments for the period 1 January 2016 to 30 September 2019 are deducted from the amount invested in 2019. Eidsiva has not included investments in hydropower and wind power projects after 30 September 2019, since these are financed by the majority owner Hafslund Eco. The reported value is for investments as of 31 December 2021 for the project categories, and not the committed amount to the project categories.

We took the additional step of removing estimated expenditure related to SF6 gas assets from eligible green projects where relevant for assets that have been put into operation from 2021. SF6 gas is a highly effective insulator when used in circuit breakers and is required to ensure efficient functioning of our networks. Small volumes of SF6 can leak from our network, and SF6 is a greenhouse gas that is over 21,000 times more potent than CO₂. For specific projects we removed expenditure equal to approximately 8% of all capital expenditure in our business segment distribution grid in 2021.

Reporting principles – impact report

we have not yet included any specific quantitative measures in the impact report for our investments in the distribution grid. In the distribution grid, components are replaced towards the end of their useful life, to maintain or increase the levels of efficiency and service quality. In other cases, grid infrastructure and management technology are updated to support the integration of renewable energy and new consumption of energy. The investments are often part of a larger refurbishing project where parts of the investment are not directly linked to a reduction in energy use but to the security of supply. When upgrading the distribution grid from 66 kV to 132 kV, it is estimated that grid losses are reduced by 75%, all other variables remaining unchanged. New transformers will also reduce energy losses and operate more quietly than older ones. For the distribution grid section, we have therefore provided qualitative information about how the investments enable the electrification of our society.

For our investments in fibre optics networks, we have not included any measures to address CO₂ emission reduction or other environmental impact measures. The baseline against which the environmental impact can be measured is not obvious. New fibre networks primarily replace legacy networks in addition to providing digital networks to customers without a fixed line connection. The number of new connections to fibre optical networks and additional kilometres with fibre optical networks, are reported as alternative indicators.

The district heating and cooling systems are fundamentally local/regional and not interconnected on a Norwegian or Nordic basis, although the fuel used (bio, solid waste, fossil) may often be traded over long distances. Impact for district heating is calculated as

added new connections of end users (GWh/yr.), in addition to avoided emissions per year from the production of heating and cooling. When calculating avoided emissions (tonnes CO₂e) we have only included avoided emissions from alternative heating sources before the investment as baseline, based on Norsk Energi's report on emission factors from 2020. We have not included end users' replacement of alternative energy in Eidsiva's calculation of avoided emissions.

The impact on Eidsiva's investments in renewable energy (hydropower and wind power) is compared against a baseline where no such investment exists. The impact is calculated as added new production (GWh/yr), in addition to avoided emissions per year (tonnes CO₂e). The baseline is a grid factor based on EU Mainland and the UK and Norway as the default baseline emission factor (Nordic Position Paper on Green Bonds Impact Reporting 2020) of 315 g CO₂ /kWh).





Allocation report

At the end of 2021, Eidsiva had seven green bonds outstanding and five loans with the Nordic Investment Bank that finance eligible projects defined in Eidsiva's Green Finance Framework.

Two bonds with a total amount of NOK 1,200 million were added to Eidsiva's portfolio of green finance instruments in 2020. Three loans from Nordic Investment Bank (NIB) that finance projects in the eligible asset pool were added to the Green Finance Instruments Portfolio in 2021.

Green Finance Instruments - NOK million	Sum
Green Bond 2017–2023 (ISIN: NO0010806862 - EIEN24ESG)	-750
Green Bond 2019–2029 (ISIN: NO0010866627 - EIEN29ESG)	-1 000
Green Bond 2019–2026 (ISIN: NO0010866619 - EIEN28ESG)	-500
Green Bond 2020–2025 (ISIN: NO0010894637 - EIEN33ESG)	-900
Green Bond 2020–2030 (ISIN: NO0010894645 - EIEN34ESG)	-1 000
Green Bond 2021–2028 (ISIN: NO0011002610 - EIEN35ESG)	-600
Green Bond 2021–2031 (ISIN: NO0011002628 - EIEN36ESG)	-600
Loan Nordic Investment Bank 2016–2031 (Advanced measurement and control systems)	-397
Loan Nordic Investment Bank 201–2029 (Grid enforcement Oslo area)	-800
Loan Nordic Investment Bank 2019–2029 (Fibre Optical Networks)	-500
Loan Nordic Investment Bank 2021–2031 (Fibre Optical Networks)	-500
Loan Nordic Investment Bank 2021–2031 (Grid enforcement Innlandet)	-500
Financed with Green Finance Instruments	-8 047

Green finance instruments are allocated to new projects and refinancing roughly in the ratio 65% and 35%, respectively.

Allocation: Investments - NOK million						
(a) = adjusted numbers including former Hafslund Nett 100%.						
Eidsiva Vannkraft included with 42,8% until September 30th, 2019.						
	2017 (a)	2018 (a)	2019 (a)	2020	2021	Sum
Energy efficiency - Distribution < 22 kV	639	646	896	1 038	912	4 131
Energy efficiency - Distribution > 22 kV	445	648	763	658	574	3 089
Energy efficiency - ICT	31	30	29	40	204	335
Energy efficiency - Smart Grid	238	159	83	22	35	537
Energy efficiency - Other Green Projects	160	50	42	34	97	383
Sum distribution Grid	1 512	1 534	1 814	1 792	1 822	8 474
Energy efficiency - District heating and cooling distribution	-	-	26	21	31	79
Energy efficiency - District heating and cooling from Bioenergy	-	-	14	53	28	95
Sum district heating	-	-	40	74	60	174
Energy efficiency - telecommunications (fiber)	-	-	804	407	298	1 509
Sum telecommunications	-	-	804	407	298	1 509
Sum energy efficiency	1 512	1 534	2 658	2 274	2 179	10 157
Renewable Energy - Hydro Power and Wind	333	146	41	0	0	520
Sum renewable energy	333	146	41	0	0	520
Clean Transportation	-	-	0	0	0	0
Sum clean transportation	-	-	0	0	0	0
Sum identified investments in eligible categories	1 845	1 680	2 699	2 274	2 179	10 677
Surplus of investments - NOK million						Sum
Portfolio of Green Finance Instruments						-8 047
Portfolio of identified and specified eligible projects						10 677
Surplus of eligible projects						2 630



Impact report

Impact reporting

(a) = adjusted numbers including former Hafslund Nett 100%.
Eidsiva Vannkraft included with 42,8%.

	2017 (a)	2018 (a)	2019 (a)	2020	2021
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Distribution grid - entire grid area

	2017	2018	2019	2020	2021
Delivered energy to end-users (TWh/yr)	24	24	23	22	24
Number of customers (x 1.000)	869	889	906	933	949
SAIDI (System Average Interruption Duration Index) - minutes	73,5	153,8	95,1	123	87,9

Telecommunications (fiber and broadband)

	2017	2018	2019	2020	2021
Kilometre fiber optical networks (km) - accumulated	-	-	1 053	1 755	2 181
New connections - accumulated	-	-	9 360	13 376	15 614
Homes passed - accumulated	-	-	18 544	25 618	30 139

District heating

	2017	2018	2019	2020	2021
Reduced emissions (tones CO ₂ /yr) - switching to alternative fuel	-	-	-	-	200
New connections of end-users (GWh/yr) - accumulated	-	-	13	27	39
New distribution grid (km) - accumulated	-	-	10	20	30

Renewable energy

	2017	2018	2019	2020	2021
Reduced yearly emissions when finalized (tones CO ₂ /yr)	42 560	42 560	42 560	35 280	35 280
Increased annual production when finalized (GWh/yr)	112	112	112	112	112

Case study - presentation of selected large projects



Heggedal electricity substation in Asker – pilot project led by Elvia

Heggedal electricity substation was built in 1981 and currently supplies about 7,000 customers in the local area. The station has shown a gradual increase in consumption. Projected population growth for Asker municipality, development plans in Heggedal, as well as the age of the substation, all indicated the need for renovation and expansion.

The Heggedal electricity substation is included in the research project ECoDiS (Engineering and Condition monitoring in Digital Substations – SINTEF).

A digital station requires a higher level of condition monitoring of components to ensure better maintenance and a higher degree of personell safety. Most of the signal and control cables will be replaced by a fibre network.

In Heggedal, Elvia will be testing an emission-free construction site and low-carbon concrete. In 2021, this resulted in a 50-tonne reduction in CO₂ compared to traditional use. The total reduction in CO₂ during the project is estimated at more than 100 tonnes of CO₂e. Experiences with the emission-free construction site in Heggedal have so far been positive. A 132 kV gas-insulated switchgear system will also be installed with an eco-friendly alternative to SF₆ gas.

The building is expected to be completed during spring 2022. Installation work will also be performed including testing of electrical components before the system goes live at the end of 2022.

Expected cost of completion is NOK 100 million.



Expansion of the fibre network for businesses and private individuals in Sør-Odal and Nord-Odal municipalities

In March 2021, the Norwegian Government announced that it had achieved its goal of providing access to high-speed broadband for 90 percent of the Norwegian population. The Norwegian Government also set a deadline for similar services to be available for everyone in the country. The new goal is to be able to offer households and businesses a download speed of at least 100 MB/s by the end of 2025.

The Odal Wind Farms' facilities in Sognkjølen and Engerfjellet require fibre to control and monitor energy production. Elvia also requires fibre to control and monitor its new electricity substation for the wind farms.

Delivery of fibre to the new wind farm enabled the expansion of a fibre infrastructure from the hub in Skarnes municipality, through Sør-Odal and Nord-Odal municipalities, and up to the new wind farms. A total transmission length of 44 km. The new fibre infrastructure made it possible for companies and several hundred households along the transmission line to connect to the fibre infrastructure without public funding.

Customers could begin using their new high-speed broadband in August 2021.

The new infrastructure in the area enabled additional fibre deliveries in the region with public funding.





Norway's first biomass plant built in solid wood

In 2020 Eidsiva Bioenergi began constructing the new biomass plant in Kongsvinger. The existing plants in Kongsvinger were older with signs of aging and use, and thus the associated HSE and environmental challenges. The old biomass plants also required a type of fuel that is in short supply in the region.

The new biomass plant in Kongsvinger was put into operation in 2021. Existing customers in Kongsvinger are now receiving district heating from a state-of-the-art biomass plant that uses best practice in cleaning technology, and produces energy based on locally sourced materials with good access in the region. In this way the new plant has solved a problem for local suppliers of raw materials, and reduces transportation distances. Our sustainable energy production provides existing customers with cleaner energy and allows further development of district heating in Kongsvinger. The development of district heating is an important contribution to the energy system and thereby the electrification of Norway.

Another innovative aspect of the plant is that the building materials are made of solid wood, manufactured by a local supplier with support from Innovation Norway, all of which leaves a significantly smaller carbon footprint than a traditional building. This is Norway's first biomass plant built in solid wood, and the first of this scale in the world. The chosen solutions are environmentally sound and consider the life cycle of the building. When the plant is eventually demolished, there are already solutions in place for the building materials.

More than NOK 90 million has been invested in the new biomass plant. The installed capacity is now 8 MW, which is 5 MW more than the previous plant.

Due to the new type of fuel, a reduction of 200 tons of CO₂-emissions per year is expected.



Connection of Odal Wind Power Plant

Odal Wind Power Plant contributes more than 500 GWh and 160 MW of new renewable energy from 34 wind turbines. The wind farm in Nord-Odal municipality, Innlandet Norway, was commissioned in the autumn of 2021.

The project involves connecting the wind farm to Elvia's regional distribution grid (132 kV). There was no existing power grid in the immediate vicinity of the wind farm, which was connected to the grid at two locations: one at Sognkjølen via the Minne/Skarnes power line, and one at Engerfjellet via the Minne/Nord-Odal transmission line.

The network connection will cost approximately NOK 80 million.

During the period 2017–2021, Eidsiva invested approximately 500 MNOK in new infrastructure in order to connect new renewable energy. New renewable energy production from hydropower and wind power connections contributes approximately 1.700 GWh/yr, with a capacity of approximately 580 MW.

When completed, 98 wind turbines and 4 large hydropower turbines will have been connected to Elvia's grid since 2017.

Extension of the existing power plant – Braskereidfoss Power Plant i and ii

Braskereidfoss Power Plant is a run-of-river hydropower plant in Våler municipality, Innlandet county. This power plant utilises a 9-metre fall into the Glomma River. Braskereidfoss began production in 1978.

In 2016, the power plant expanded to include a new building containing a new 18 MW bulb turbine system. This increased production by 40 GWh to 170 GWh.

The new unit has the same location as the existing unit; however, it utilises water more efficiently and was built in compliance with modern requirements for health, safety and environment (HSE).

Continuity is ensured and production is increased by one unit maintaining power production when the other unit must be shut down for refurbishment, repairs, or routine maintenance. The Braskereidfoss hydropower plant can also make use of flood flow more efficiently with two units.

Eidsiva's share of investments in Braskereidfoss hydropower plant amounts to MNOK 131, with an emission reduction of 5.300 tonnes CO₂e/yr.



EU taxonomy and eligible categories in Green Finance Framework.







Certain economic activities are subject to technical screening criteria when assessing substantial contributions to climate change mitigation in the context of the EU action plan for sustainable finance. The EU taxonomy follows the NACE Classification system. NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities.

Based on the assessment of ICMA's project categories against economic activities in the draft for future defined activities in the EU Taxonomy, we have indicated our non-binding preliminary alignment with eligible categories in the Green Finance Framework with the proposed EU Taxonomy activities and NACE Classification.

Eidsiva's various business segments are likely to have activities in: electricity, gas, steam, and air conditioning supply in addition to construction of utility projects.

So far, Eidsiva's business segment Fibre and Broadband has not been included as an economic activity in the EU taxonomy and is therefore classified in the templates below as an unsustainable economic activity.

Category (ICMA)	Eligible Green Projects Green Finance Framework	EU Taxonomy – Preliminary (NACE code)	Sector – Preliminary (NACE classification)
Energy efficiency 	o Connection of renewable energy to distribution networks	1. D35.12/D35.13/F42.2	o Electricity transmission and distribution
	o Upgrading distribution networks	2. D35.12/13/F42.2	o Construction of utility project
	o Smart meters and smart grids		o Steam and hot water supply
	o District heating and cooling	3. D35.13/F42.2	
Renewable energy 	o Distribution of district heating and cooling	4. D35.11/D35.30/F42.2	
	o Production of heat/cooling from waste		
Renewable energy 	o Hydro power and related infrastructure	1. D35.11/F42.2	o Electricity power generation
	o Wind power and related infrastructure	2. D35.11/F42.2	o Construction of utility project
Energy efficiency 	o Telecommunications	o Not included in the EU Taxonomy	o Not included in the EU Taxonomy

Turnover 2021 (Q4)

1 and 2		Substantial contribution criteria								DNSH - screening (Do No Significant Harm)										
		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Economic activities (1)		Turnover	Proportion of turnover	Climate change adaption	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change adaption	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social safeguards	Aligned proportion of turnover year N	Aligned proportion of turnover year N+1	Category "Enabling"	Category "Transition"
		(MNOK)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	J / N	J / N	J / N	J / N	J / N	J / N	J / N	(%)	(%)	E	T
A: TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
D 35.1.3 – Distribution of electricity		6 905	83%	83%	0%	0%	0%	0%	0%	–	J	–	NA	NA	NA	NA	83%	87%	E	
F42.2 – Construction of utility projects																				
D 35.3.0 – District Heating / Cooling Distribution		435	5%	5%	0	0	0	0	0	J	J	NA	–	NA	NA	NA	5%	3	–	T
D 35.1.1 – Production of Electricity from Bioenergy (Biomass, Biogas and Biofuels)																				
D 35.3.0 – Cogeneration of Heat/Cool and Power from Bioenergy (Biomass, Biogas, Biofuels)																				
D35.3.0 – Production of Heat/Cool from Bioenergy (Biomass, Biogas and Biofuels)																				
D35.3.0 – Production of Heat/Cool using Waste Heat																				
F42.2 – Construction of utility projects																				
Total of environmental sustainable activities		7 340	88%	88%	0%	0%	0%	0%	0%								88%	90%	83%	5%
A.2 Taxonomy-Eligible but not environmental sustainable activities																				
D35.3.0 – Production of Heat/Cool using Waste Heat		120	1%																	
Total Taxonomy-Eligible but not environmental sustainable activities		120	1%																	
Total A.1 and A.2		7 460	89%																	
B. Taxonomy non-eligible activity		891	11%																	
Total A and B		8 351	100%																	

Eidsiva published its first guidance on the EU Taxonomy in Green Finance Report 2020. In our third quarter financial report for 2021, we included preliminary non-binding guidance on eligible activities on the selected key performance indicators Turnover, Capital Expenditure, Operating Expenses and Book Value based on our interpretation of the EU Taxonomy.

In December 2021, the Norwegian Parliament approved new Norwegian legislation on sustainable finance. The new legislation will be incorporated in Norwegian law and the EEA agreement later in 2022. Until the new legislation is incorporated in Norwegian law, there are no

obligations for Norwegian entities to publish EU taxonomy information. The Ministry of Finance has recommended Norwegian entities to include EU taxonomy information in their reporting for 2021.

Eidsiva has updated its preliminary non-binding guidance based on the proposed EU template for reporting non-financial undertakings, and our current interpretation of the EU Taxonomy. We perform this exercise to learn more about the gaps between our criteria and the taxonomy, and we publish the results in order to be transparent about our findings.

Capital expenditure 2021 (Q4)

1 and 2		Substantial contribution criteria										DNSH - screening (Do No Significant Harm)								
		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Economic activities (1)		Capital expenditure	Proportion of turnover	Climate change adaption	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change adaption	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social safeguards	Aligned proportion of turnover year N	Aligned proportion of turnover year N+1	Category "Enabling"	Category "Transition"
		(MNOK)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	J / N	J / N	J / N	J / N	J / N	J / N	J / N	(%)	(%)	E	T
A: TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
D 35.1.3 – Distribution of electricity		1989	78%	78%	0%	0%	0%	0%	0%	–	J	–	NA	NA	NA	NA	78%	80%	78%	
F42.2 – Construction of utility projects																				
D 35.3.0 – District Heating / Cooling Distribution																				
D 35.1.1 – Production of Electricity from Bioenergy (Biomass, Biogas and Biofuels)																				
D 35.3.0 – Cogeneration of Heat/Cool and Power from Bioenergy (Biomass, Biogas, Biofuels)		135	5%	5%	0	0	0	0	0	J	J	NA	–	NA	NA	NA	5%	5%	–	5%
D35.3.0 – Production of Heat/Cool from Bioenergy (Biomass, Biogas and Biofuels)																				
D35.3.0 – Production of Heat/Cool using Waste Heat																				
F42.2 – Construction of utility projects																				
Total of environmental sustainable activities		2 124	84%	84%	0%	0%	0%	0%	0%								84%	85%	78%	5%
A.2 Taxonomy-Eligible but not environmental sustainable activities																				
D35.3.0 – Production of Heat/Cool using Waste Heat		14	1%																	
Total Taxonomy-Eligible but not environmental sustainable activities		14	1%																	
Total A.1 and A.2		2 138	84%																	
B. Taxonomy non-eligible activity		405	16%																	
Total A and B		2 543	100%																	

Eidsiva is not yet able to allocate the key performance indicators (KPIs) Turnover and Capital Expenditure (CAPEX) for all identified activities as the KPIs are recorded at business segment level and not on activity level.

Eidsiva has not performed a complete technical screening for all activities, nor have all "do no significant

harm" criteria been considered yet. We have not yet done due diligence on the minimum social safeguards.

The plan to complete a complete technical screening, "do no significant harm" screening, and due diligence on the Minimum Social Safeguards will be in place before year end 2022.

Reporting developments for 2022.

This reporting for 2021 is the first under the new green financing framework we updated in November 2021. In this updated framework, we have expanded the categories of green investments to better capture how diverse Eidsiva as a company has become. New investment areas have been included in the reporting for the first time, including telecommunications and district heating.

As the distribution grid is a complex and interconnected system, it is both factually and theoretically challenging to calculate the impact of individual investments in a mesh distribution grid system. Nevertheless, during 2022 we will examine developing our impact reporting to cover individual investments, and not the distribution grid system as a whole as in 2021.

With respect to the investment's alignment with EU taxonomy, our plan is to perform technical screening for all Eidsiva's activities in 2022. The first two environmental objectives in the taxonomy have already been approved. In February, the Platform for Sustainable Finance, which advises the EU Commission on the Taxonomy, will give its final recommendations for criteria for the remaining

four objectives: biodiversity, circular economy, water and marine resources, and pollution prevention. Eidsiva expects the last four objectives to be approved by the EU Commission prior to next year's reporting. Eidsiva's ambition is to include complete reporting on eligibility and alignment with the EU taxonomy in the yearly reporting for 2022.

If you, as an investor in our Green Financial Instruments, have any suggestions on how we can improve our reporting, we welcome your feedback.



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Assurance Report of the independent auditor.





To the Group Management of Eidsiva Energi AS

Independent Limited Assurance Report

We have been engaged by the Group Management of Eidsiva Energi AS (the “Company”) to undertake an examination of selected information in the Company’s *Green Finance Report 2021*, concerning the Company’s Green Bonds.

Assurance scope

The scope of our work was to provide a limited assurance report confirming that an amount equal to the sum of identified investments in eligible categories for 2021 has been allocated to Green Projects, as described in the table “Allocation” in the *Green Finance Report 2021*. The reporting criteria against which this information was assessed is Eidsiva Energi’s *Green Finance Framework 2021/2022* per November 2021, chapter “Use of proceeds”, available on the Company website.

Our assurance does not extend to any other information in the *Green Finance Report 2021*. We have not reviewed and do not provide any assurance over any other information reported, including estimates of sustainability impacts.

Responsibilities of the Group Management

The Group Management is responsible for ensuring that the Company has implemented appropriate guidelines for Green bond management and Internal Control. The Group Management of the Company is responsible for evaluating and selecting eligible assets, for the use and management of bond proceeds, and for preparing an allocation and impact report that is free of material misstatements, whether due to fraud or error, in accordance with the Company’s *Green Finance Framework*.

Auditor’s Responsibilities

Our responsibility is to express a limited assurance conclusion on the selected information specified above in the assurance scope based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with the International Standard on Assurance Engagements ISAE 3000 – “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires us to plan and perform our procedures to obtain limited assurance that the Company has performed the procedures and processes according to the documents defined in the “Assurance scope”. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the management of bond proceeds and the process for selection of eligible assets, and applying analytical and other limited assurance procedures, including inspection of documentation, and limited sample testing of the selected information. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers AS, Aslak Boltsgate 42, Postboks 1100, NO-2305 Hamar
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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Our Independence and Quality Control

We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Control (ISQC 1) and maintain a comprehensive system for quality control including documented policies and procedures that complies with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the limited assurance procedures we have performed in accordance with our scope and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information disclosed in the Company's *Green Finance Report 2021* has not been prepared, in all material respects, in accordance with the reporting criteria.

Hamar, 29 March 2022
PricewaterhouseCoopers AS

A handwritten signature in blue ink that reads 'Pål Bakke'.

Pål Bakke
State Authorised Public Accountant



Christian, 9år

Eidsiva.

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