



GREEN FINANCE
REPORT 2020





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ABOUT EIDSIVA ENERGI AND GREEN FINANCE FRAMEWORK

Renewable energy is a prerequisite for a better climate and environment. Efficient infrastructure is critical for a well-functioning society. A secure power supply also includes sustainable and energy efficient solutions for an electrical future.

Eidsiva invested significant funds in sustainable projects in 2020, and the company has a significant investment program in profitable sustainable infrastructure projects in the coming years. In total, Eidsiva has NOK 4,150 million green bonds outstanding and is Norway's second largest corporate issuer of green bonds.

Eidsiva's subsidiary Elvia has a total of 933,000 customers and thereby supplies 2 million inhabitants with electrical energy every day. Organic growth in new customers is approximately 10,000 per year. In 2020, Elvia transported 22 TWh of energy via its power grid, which covers an area of approximately 50,000 km². This corresponds to an area slightly larger than Denmark. Elvia operates the power grid in Innlandet (formerly Hedmark and Oppland), Viken (formerly Østfold and Akershus), and Oslo, 24 hours a day, 365 days a year.

As part of Elvia's responsibilities, the company builds a power grid needed to connect new renewable energy. As of 2020, Elvia has invested NOK 401 million related to connection of new renewable which upon completion will contribute to approximately 1,500 GWh per year of renewable electricity connected to Elvia's network. Eidsiva

has in the period 2017–2019 invested NOK 520 million to increase production in water and wind power by 133 GWh per year and thereby contributed to reducing CO₂ emissions of 35,204 tonnes per year. These investments were done in the subsidiary Eidsiva Vannkraft which was partially sold to Hafslund Eco in 2019.

Eidsiva established a green framework for financing in 2017. The framework was updated in 2019 and is based on the Green Bond Principles established by the International Capital Market Association (ICMA). ICMA's objective is to promote well-functioning capital markets. Our existing framework is available [here](#).

Cicero Shades of Green conducted an independent assessment of Eidsiva's framework in 2017 and 2019 and gave the framework the grade Dark Green with the sub-grade Good on governance in 2019. Cicero's independent review is available [here](#).

The framework describes within which categories Eidsiva can invest the green loan capital. At the moment, Eidsiva's framework indicates that the investment capital can be used for projects in the areas of Energy efficiency and Renewable energy.

Eidsiva's eligible project categories from the ICMA classification, linked to relevant UN Sustainability Goals, are shown below. Potential impact from the use of proceeds is also indicated and sorted by ICMA categories.



Category (ICMA)	Eligible Green Projects	UN Sustainable Goal	Potential Impact
Energy efficiency	<ul style="list-style-type: none"> • Connection of renewable energy to distribution and transmission networks • Upgrading of transmission and distribution networks • Smart grids • District heating 	   	<ul style="list-style-type: none"> • Capacity and production of renewables connected to grid • Smart grid components installed • Security of supply (SAIDI) • Potential grid losses saved
Renewable energy	<ul style="list-style-type: none"> • Hydro power and related infrastructure • Wind power and related infrastructure 	 	<ul style="list-style-type: none"> • Added renewable capacity • CO₂ emissions avoided

ACTIVITIES WITHIN SUSTAINABILITY IN 2020

Eidsiva Energi established a sustainability plan in 2019/20 using the UN's 17 sustainability goals as a framework. Some of these goals are more relevant than others for Eidsiva with regards to concentrating efforts and measuring results. Eidsiva's main goal is to contribute to sustainable cities and communities.

Eidsiva has chosen four focus areas for its sustainability work.

Clear green voice: Eidsiva will take a clear position in the green transition based on sustainable operations in its own business, increased customer focus, and sustainable innovation. This includes active communication of the sustainability plan and of Eidsiva's contribution internally and externally.

Challenge suppliers: Eidsiva will strive to make its suppliers more sustainable. We will contribute to increased sustainability throughout the value chain by challenging, helping, and supporting our suppliers in a more sustainable direction. Eidsiva's role includes following up routines, driving sustainable innovation in collaboration with suppliers, and improving competence in this area.

Employees as change agents: Eidsiva aims at being the best place to work with regards to contributing to the green transition. The group's employees should promote sustainability in everything they do. Eidsiva aims at ensuring a culture characterized by security, well-being, equality, and diversity. These ambitions will be achieved by increasing knowledge in one's own organization and engaging the employees so that everyone contributes to realizing the ambitions within the other three focus areas.

Driver for collaboration: Eidsiva aims at being the preferred partner for leading players in sustainability. Eidsiva will strengthen its role as a clear partner in Eastern Norway and explore the possibilities for strategic partnerships to strengthen the work with sustainability.

For further information on Eidsiva's sustainability goals, please refer to the sustainability report.



REPORTING 2020

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

- 1) A summary of Eidsiva's Green Finance activities during the year.
- 2) A list of the projects financed including a brief description and expected impact.
- 3) Information about the allocation of Green Finance funding between new projects and refinancing, as well as the split between Green Loan and Green Bond issuance.

Eidsiva's compliance function has reviewed the information in this report and confirms that it is in line with the principles described under the company's Green Finance Framework.

REPORTING PRINCIPLES

Eidsiva purchased Hafslund Nett in 2019. Hafslund Nett AS and Eidsiva Nett AS merged in 2019, and the new company was named Elvia. Investments in former Hafslund Nett are included as eligible projects.

Elvia has an area license to build, operate, and own distribution networks below the 22 kV voltage level in municipalities in southern Norway. In this report, all investments in the distribution network in a municipality are therefore defined as one project.

For investments at voltage levels higher than 22 kV, Elvia is dependent on a construction license for each individual investment project. In this report, regional network investments are therefore shown for each individual project.

For all investments, amounts are stated after deductions for customer financing (capital contributions).

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

Investments sold during the year are deducted from historically invested amounts. On September 30th, 2019,

Eidsiva Vannkraft was partially sold to Hafslund Eco. Eidsiva currently has an indirect ownership interest of 42.8% in these investments. As a result of the sale, 57.2% of all investments for the period January 1st, 2016 to September 30th, 2019 are deducted from the amount invested in 2019. Eidsiva has not included investments in hydropower and wind power projects after September 30th, 2019 since these are financed by the majority owner Hafslund Eco.

Financing of investments made earlier than 12 months before borrowing is classified as refinancing.

The Nordic Public Sector Issuers Position Paper on Green Bonds Impact Reporting 2020 has been used as guidance to calculate reduced emissions due to investments in renewable energy. For the year 2020, it is recommended to use a factor of 315 gCO₂/kWh, a reduction from 380 gCO₂/kWh in 2019.

In principle, all investments in grid systems satisfy Eidsiva's Green Framework as eligible category. However, some projects are not included because they do not meet the requirement of a highly likelihood of delivering positive net environmental effects in the long term. Two projects are not included because the Cultural Heritage Act and the Construction Client Regulations were violated during the implementation of the projects

GREEN FINANCE INSTRUMENTS AND INVESTMENTS

At the end of 2020, Eidsiva had 5 green bonds and 2 loans with the Nordic Investment Bank that finance eligible projects in Eidsiva's Green Finance Framework.

Two bonds with a total amount of NOK 1,900 million were added to Eidsiva's portfolio of green finance instruments in 2020.

As opposed to the 2019 reporting we have included two loans from the Nordic Investment Bank, provided in 2016 and 2019, that finance identified projects that are eligible with Eidsiva's Green Finance Framework.

SECTION 1: GREEN FINANCE INSTRUMENTS - NOK MILLION	SUM
Green Bond 2017 - 2023 (ISIN: NO0010806862)	-750
Green Bond 2019 - 2029 (ISIN: NO0010866627)	-1000
Green Bond 2019 - 2026 (ISIN: NO0010866619)	-500
Green Bond 2020 - 2025 (ISIN: NO0010894637)	-900
Green Bond 2020 - 2030 (ISIN: NO0010894645)	-1000
Loan Nordic Investment Bank 2016 - 2031 (Advanced measurement and control systems)	-440
Loan Nordic Investment Bank 2019 - 2029 (Grid enforcement)	-800
Financed with Green Finance instruments	-5390

As opposed to the reporting in 2019 we have in section 2 included the gross amount invested in Smart Meters and Smart grid, not the net amount after deduction of loan provided by the Nordic Investment Bank in 2016 – see section 1.

SECTION 2: INVESTMENTS - NOK MILLION	2017	2018	2019	2020	SUM
(a) = Adjusted numbers including former Hafslund Nett 100%. Eidsiva Vannkraft included with 42.8% until September 30 th , 2019.	(a)	(a)	(a)		
Investments Eidsiva Energi	3 091	2 962	3 010	2 831	11 894
÷ investments outside green finance framework	-393	-496	-730	-440	-2 059
Investments in Renewable energy and Energy efficiency	2 698	2 466	2 280	2 391	9 835
Appendix 1: Energy Efficiency - Smart Grid	1 086	947	455	40	2 528
Appendix 2: Energy Efficiency - Connecting Renewable	38	10	223	130	401
Appendix 3: Energy Efficiency - Distribution Grid (> 22 kV)	429	373	363	407	1 572
Appendix 4: Energy Efficiency - Distribution Grid (< 22 kV)	711	685	983	1 117	3 496
Appendix 5: Renewable energy - Hydro Power and Wind	333	146	41	0	520
Sum Identified Investments in eligible categories	2 597	2 161	2 065	1 694	8 517

SECTION 3: SURPLUS OF INVESTMENTS - NOK MILLION	SUM
Portfolio of Green Finance Instruments - section 1	-5390
Portfolio of identified and specified eligible projects - section 2	8517
Surplus of eligible projects	3127

Green finance instruments are allocated to new projects and refinancing with approximately 40% and 60%.

PRESENTATION OF SELECTED LARGE PROJECTS

ADVANCED MEASUREMENT AND CONTROL SYSTEMS (AMS)

The AMS project is the largest modernization of the power grid in recent times. Information about what is happening in the power grid closest to the customers means that the grid companies can operate the grid more efficiently.

The new meters bring benefits to the customer such as hourly registration of power consumption, automatic reading of meters, correct billing, and easier change of power supplier.

The new meters bring benefits to Elvia such as fewer faults and power outages in the transmission network, faster location and correction of faults, fewer ground faults / increased personal safety, and fewer voltage deviations.

The AMS project in Elvia amounted to approximately NOK 2,500 million. In total, approximately 945.000 meters were installed.

The introduction of new meters was regulated in 2011.



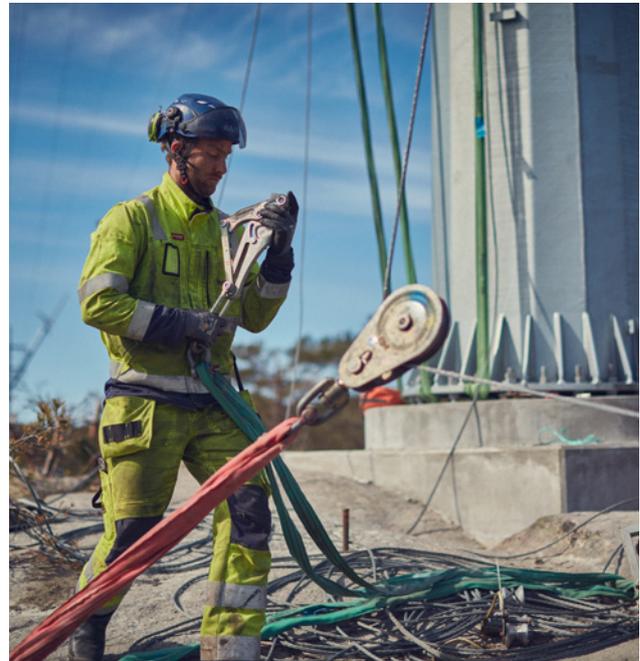
CONNECTION OF ODAL WIND POWER PLANT

Odal Wind Power Plant will contribute over 500 GWh and 160 MW of new renewable energy. The wind farm is in Nord-Odal municipality in Innland Norway and is scheduled to be commissioned in the autumn of 2021. The wind farm is owned by Kommunal Landspensjonskasse (KLP), Cloudberry Clean Energy and Akershus Energi.

The project consists of connecting the wind farm to Elvia's distribution network (> 22 kV). There is currently no power grid in the immediate vicinity of the wind farm. To be able to connect the wind farm, Elvia must reroute the existing 132 kV Minne-Skarnes power line via the wind power plant in Songkjølen.

The network connection will amount to just over NOK 130 million when finalized.

Eidsiva Bredbånd is building fiber infrastructure to the wind farm and Elvia's network station in the area.



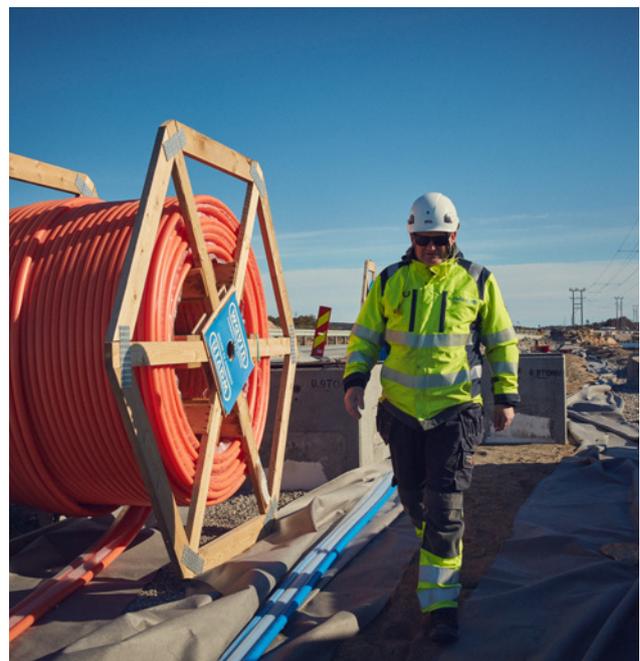
UPGRADE OF THE DISTRIBUTION NETWORK (> 22 KV) HASLE - RÅDE - HALMSTAD

Parts of the current distribution grid have too little capacity to handle the current and future increase in electricity consumption. To ensure a stable power supply, new and reinforced power lines are now being built through the municipalities of Sarpsborg, Råde and Rygge. The work will be completed in 2021.

The 23-kilometer-long upgrade is primarily built on the existing route, but longer distances between the masts and some adjustments to ensure better distance to buildings and cultural monuments, will overall provide improvements for those affected by the line.

The upgrade will amount to just over NOK 360 million.

The project also includes a voltage upgrade that will reduce the loss of energy transfer.



APPENDICES OF PROJECTS

APPENDIX 1: ENERGY EFFICIENCY – NOK MILLION

SMART METERS AND SMART GRID	2017	2018	2019	2020	SUM
Smart Meters and Smart Grid	1086	947	455	40	2528
Sum	1086	947	455	40	2528
Performance indicator: # Smart Meters	-	-		944.449	

APPENDIX 2: ENERGY EFFICIENCY – NOK MILLION

CONNECTING RENEWABLE – SORTED BY PROJECT	2017	2018	2019	2020	SUM
Renewable: Elverum / Raskiftet and Kjølberget wind farm	0	0	40	80	120
Renewable: Furuset / Small hydro power	10	10	0	0	20
Renewable: Osmoen / Kjølberget Wind farm	28	0	0	0	28
Renewable: Sognkjølen / Engerfjellet Wind farm	0	0	60	40	100
Renewable: Tolga / Tolga hydro power	0	0	42	0	42
Renewable: Ørje og Aasgaard / Marker Wind farm	0	0	30	10	41
Renewable: Reinforcement subsea cables/hydro and wind power	0	0	50	0	50
Sum	38	10	223	130	401
Performance indicator: Approximately 1 500 GWh/yr renewably energy connected when finalized					



APPENDIX 3: ENERGY EFFICIENCY – NOK MILLION

Investments in distribution grid (high voltage > 22 kV) sorted by project – NOK million

PROJECT	NAME	2017	2018	2019	2020	SUM
Cable:	Korsvoll - Kjelsås	17	21	1	0	38
Line/Station:	Hasle - Råde	21	63	115	115	314
Line/Station:	Hovinmoen - Dal	1	0	0	0	2
Line/Station:	Dyrløkke-Tegneby	93	0	0	0	93
Line/Station:	Hovinmoen - Gjerstad	0	0	1	0	1
Line:	Elverum - Trysil	0	0	5	85	90
Line:	Sandvold-Engjom	20	24	0	0	44
Line:	Strandlykkja	24	0	0	0	24
Station/Cable/Line:	Kråkerøy - Hvaler	5	6	81	119	210
Station/Cable/Line:	Liåsen	1	0	0	1	3
Station/Cable:	Smedstad - Fornebu	1	2	2	1	7
Station/Cable:	Brødløs - Stangeberget	0	0	0	0	0
Station/Line:	Våler (Viken)	0	0	2	1	2
Station/Line:	Vestbygata	0	0	0	0	1
Station:	Spydeberg	0	0	1	17	18
Station:	Kjellerholen	0	0	2	3	5
Station:	Hovinmoen	16	74	53	4	148
Station:	Lillo	0	0	0	1	1
Station:	Mjøsstranda	0	140	5		145
Station:	Hamang	0	0	0	20	20
Station:	Berger	0	0	0	0	1
Station:	Pipervika	90	0	0	0	90
Station:	Tolga	4	0	37	1	42
Station:	Rodeløkka	83	3	0	0	87
Station:	Bjørnegård	28	1	1	0	30
Station:	Heggedal	0	0	0	5	6
Station:	Remote control systems	15	15	15	10	55
Station:	Nordby	0	2	29	21	52
Station:	Raa	1	0	0	2	3
Station:	Raufoss industripark	10	20	10	0	40
SUM		429	373	363	407	1572

APPENDIX 4: ENERGY EFFICIENCY

Investments in distribution grid (< 22 kV low voltage) sorted by municipality – NOK million

MUNICIPALITY	2017	2018	2019	2020	SUM
Aremark	0	8	6	14	29
Asker	34	19	38	44	134
Aurskog-Høland	10	9	7	6	31
Bærum	26	44	43	53	166
Eidskog	1	1	2	8	11
Eidsvoll	23	31	49	32	135
Elverum	20	9	52	31	112
Engerdal	0	0	1	0	1
Fredrikstad	10	10	16	19	55
Frogn	10	11	5	6	31
Gausdal	3	1	3	12	19
Gjerdrum	2	2	3	6	13
Gjøvik	10	11	15	20	56
Grue	9	14	1	4	28
Halden	13	16	35	36	99
Hamar	11	5	14	16	46
Hurdal	4	8	2	4	18
Hvaler	0	0	0	2	2
Indre Østfold	17	18	31	27	94
Kongsvinger	38	8	37	24	106
Lillehammer	26	17	7	19	69
Lillestrøm	33	58	88	94	272
Lørenskog	4	5	15	9	32
Løten	3	1	2	3	10
Marker	2	3	1	13	19
Moss	25	26	38	24	113
Nannestad	2	14	5	7	27
Nes (Viken)	12	12	21	30	75
Nittedal	6	14	20	9	49
Nord-Odal	1	0	3	4	8
Nordre Follo	5	2	9	11	27
Oslo	160	127	193	251	730
Ringsaker	28	13	27	22	90
Rælingen	9	2	6	8	25
Råde	7	10	9	14	40
Sarpsborg	38	53	63	86	240
Skiptvet	1	1	2	16	19
Stor-Elvdal	5	11	8	3	27
Sør-Odal	5	6	9	21	42
Trysil	24	15	8	2	48
Ullensaker	11	16	34	32	93
Vestby	19	20	13	28	80
Vestre Toten	10	10	6	7	32
Våler (Innlandet)	1	0	1	9	11
Våler (Viken)	5	7	5	7	24
Østre Toten	12	10	14	3	39
Åmot	11	3	5	6	25
Ås	2	3	8	9	22
Åsnes	6	2	4	8	20
SUM	711	685	983	1117	3496
Performance indicator: System average interruption duration index (SAIDI)	74 min	153 min	95 min	123 min	

APPENDIX 5: RENEWABLE ENERGYInvestments in former Eidsiva Vannkraft included with 42.8% until September 30th, 2019

NAME	DESCRIPTION OF PROJECT	SUM INVESTED NOKM	GWH / YR	CO ₂ REDUCTION (TONNES)
Braskereidfoss	Expansion hydro power	141	17	5 393
Rosten	New hydro power plant	106	23	7 203
Raskiftet	New wind farm	118	32	9 977
Nedre Otta	New hydro power plant	99	27	8 587
Tolga	New hydro power plant	56	13	4 044
Sum		520	112	35 204

EU TAXONOMY AND ELIGIBLE CATEGORIES IN GREEN FINANCE FRAMEWORK

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

Based on the mapping of the ICMA's project categories against economic activities in the draft delegated acts of the EU Taxonomy, we have below indicated our non-binding preliminary reconciliation of eligible categories in the Green Finance Framework with the proposed EU Taxonomy activities and NACE Classification.

Category (ICMA)	Eligible Green Projects Green Finance Framework	EU Taxonomy – Preliminary (NACE codes)	Sector – Preliminary (NACE classification)
Energy efficiency	<ol style="list-style-type: none"> 1. Connection of renewable energy to distribution and transmission networks 2. Upgrading of transmission and distribution networks 3. Smart grids 4. District heating 	<ol style="list-style-type: none"> 1. D35.12 and D35.13 2. D35.12/13 and F42.22 3. D35.13 4. D35.11 and D35.30 	<ul style="list-style-type: none"> • Electricity transmission and distribution • Construction of utility projects • Steam and hot water supply
Renewable energy	<ol style="list-style-type: none"> 1. Hydro power and related infrastructure 2. Wind power and related infrastructure 	<ol style="list-style-type: none"> 1. D35.11 2. D35.11 	<ul style="list-style-type: none"> • Production of electricity





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