

Green Finance Letter 2021

TrønderEnergi® 



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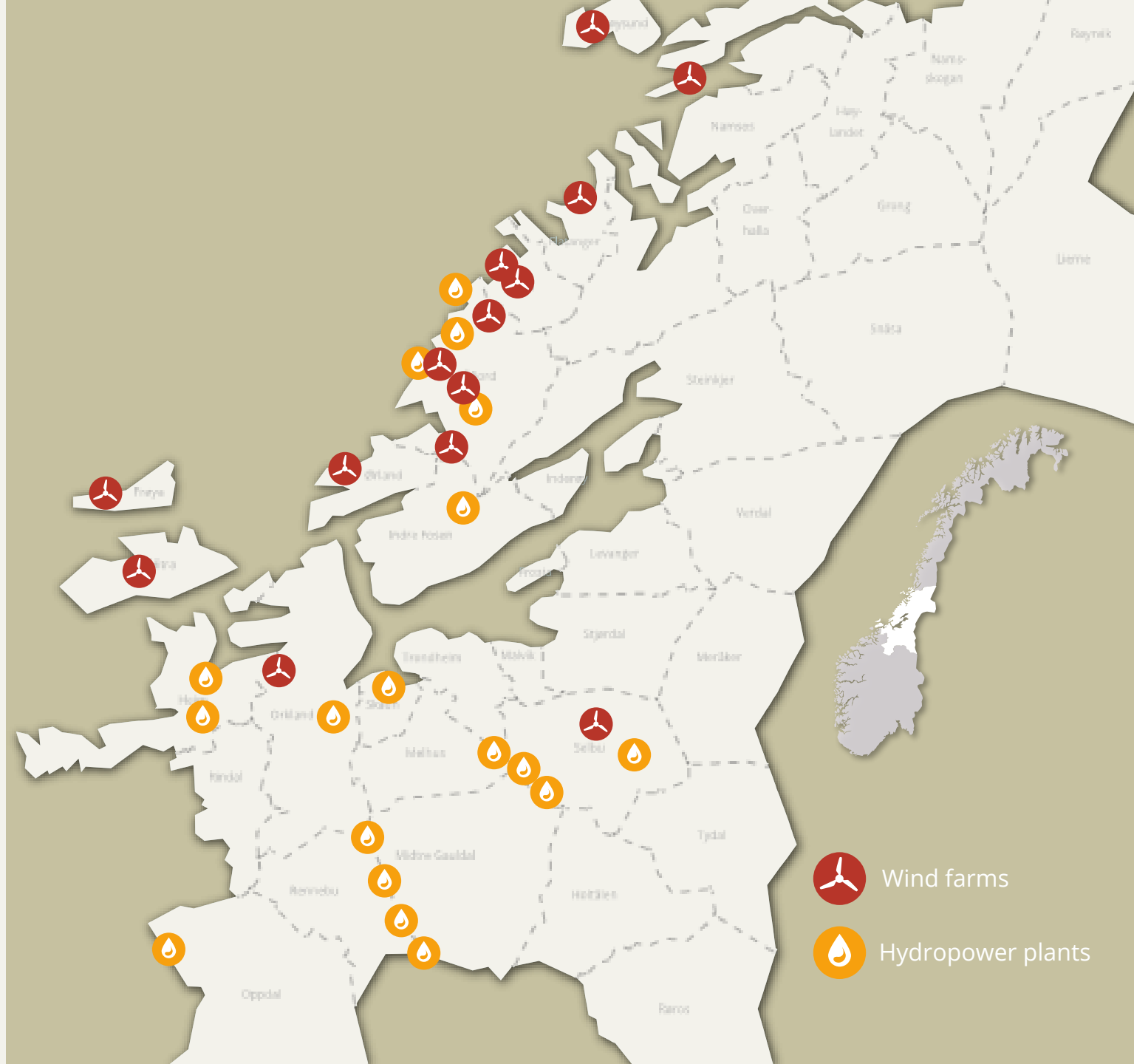
Introduction

About TrønderEnergi

TrønderEnergi is one of the largest locally owned utilities in Norway, owned by 19 municipalities in Mid Norway and KLP. TrønderEnergi has an annual power production of 2670 GWh, first and foremost from hydropower, but also 927 GWh wind power. Additionally, TrønderEnergi is a full-service operator for 5860 GWh (including own production) and provides third party Energy Management services on 1089 GWh. In total, TrønderEnergi is wholly or partly owner of 17 hydropower plants, 14 fully operating wind farms and is one of Norway`s most efficient power generation companies.

TrønderEnergi has also contributed to establish Norway`s second largest grid company, Tensio AS, together with NTE and KLP where TrønderEnergi currently holds a 40 % ownership.

In addition, TrønderEnergi has taken position as an Energy as a Service Company (ESCO), both B2B and B2C. Through the subsidiaries in the Ohmia family, TrønderEnergi provides energy, technology, and financing solutions for its customers. Ohmia Charging offers electric vehicle charging systems for housing condominiums in Norway. Ohmia Retail provides energy consumption service concepts to the retail segment, while Ohmia Construction is aimed to be a leading industry player by facilitating green construction sites with portable batteries.



Sustainability Strategy

We manage natural resources. This is a big responsibility, and one we don't take lightly. And hence, we feel obligated to integrate sustainability in everything we do. Our ambition is to be a Pioneer for sustainable development within renewable power production and in new energy services in Norway and the Nordics. This entails that every time we make a decision, the sustainability perspective is an ingrained part of our decision making.

We emphasize that sustainability is a three-dimensional concept, encompassing environment, economy and social considerations, and entails meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Through a business wide process including employees ranging from executives to trainees, TrønderEnergi chose to adopt the UN Sustainability Goals as a way of coordinating our efforts. Considering our activities and accompanying capabilities we decided to focus on SDG 13 *Stop Climate Change* as our main goal, and *prioritize* seven more SDGs; 5 Gender Equality, 7 Affordable and clean Energy, 8 Decent work and economic growth, 9 Industry, innovation and infrastructure, 12 Responsible consumption and production, 15 Life on land and 16 Peace, justice and strong institutions. Together these are affectionally known as The Big Seven.

With these prioritizations we developed a sustainability policy with specific goals within each of the three dimensions of sustainability. To read more about our sustainability strategy, see our sustainability report 2021 available at our website (Unfortunately, this is only available in Norwegian, we apologize for any inconvenience).



Green Finance Framework






As part of TrønderEnergi continued commitment to sustainability, a Green Finance Framework (the “Framework”) has been developed together with SEB. The structure of the Framework is developed to be in line with both the ICMA Green Bond Principles (GBP) 2018, as well as the LMA and APLMA Green Loan Principles (GLP) 2018, and therefore consists of the four key pillars and recommended External Review component.

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External review

These pillars are covered in detail in our green finance framework published on the company`s website.

In addition to Green Finance Instruments issued by TrønderEnergi in the capital market, the company have Green Loans provided by lending institutions. Green Loans taken by TrønderEnergi are provided by lending institutions that finance these by issuing Green Bonds.

TrønderEnergi will report the aggregate amount of Green Loans taken and specify each Eligible Project that has been financed by a Green Loan in a separate section in this report. In the table you will find the relevant categories and the eligible projects TrønderEnergi can allocate the use of proceeds

Categories	Eligible Projects	UN SDG's
Renewable Energy	Construction, reconstruction and upgrading of renewable energy and related infrastructure. Renewable energy sources will include hydropower plants and windfarms. Related infrastructure could include access roads, dams, and grid connection.	 Ensure access to affordable, reliable, sustainable and modern energy for all  Take urgent action to combat climate change and its impacts
Energy Efficiency	<p>Projects that promote the electrification of cities, grocery stores and society in whole. This could for example include development of charging infrastructure or sophisticated concepts/solutions for energy consumption such as, but not limited to, “Ohmia Charging” and “Ohmia Retail”</p> <p>R&D that promotes new innovative solutions that has a clear target of reducing energy loss or increasing the utilisation of renewable energy such as, but not limited to, “CityxChange” and “REMOTE”</p>	 Ensure access to affordable, reliable, sustainable, and modern energy for all  Make cities and human settlements inclusive, safe, resilient and sustainable  Take urgent action to combat climate change and its impacts

Allocation Report

Green Bonds

The Green Bond Principles allow us to refinance eligible projects with a look-back period of no longer than 3 years from the time of issuance. TrønderEnergi's look-back period is 2018 to 2020 for the green bonds issued February 2021. This implies that the investments made in the period of 2018 – 2020 is classified as re-financing and investments made in 2021 is classified as (new) financing. Our Green Finance Register contains several investments that is multiyear projects. For these projects, the report will, where applicable, make a distinction between refinance and finance. For projects that also includes a divestment, the Green Finance Register takes this into account, and TrønderEnergi will only report the net figures. The proceeds from Green Bonds are managed on an aggregated basis.

TrønderEnergi acknowledge that transparency has a tremendous value with respect to the market. However, TrønderEnergi will need to withhold certain information due to confidentiality agreements in this report. The allocation of proceeds will be presented on an aggregated portfolio basis where necessary. In addition, TrønderEnergi will prepare an own section where a selection of eligible project is presented in more details.

Loan Agreement Nordic Investment Bank (NIB)

The loan agreement with NIB is based on their mandate to co-finance TrønderEnergi's share of investments in the Fosen Vind projects. Fosen Vind is an onshore wind power project comprising six wind farms with an annual production of 3,6 TWh.

Since Roan Wind Farm was completed already in 2018, NIB did not include this wind farm in the financing proposal. TrønderEnergi has a 7,9 % stake in the Fosen Vind project (Fosen Vind DA), except for Roan wind farm (Roan Vind DA). By April 2021 TrønderEnergi, together with Stadtwerke München (SWM), acquired Statkraft`s 52,1 % share in Roan Vind DA. For further details, see section "Selection of Eligible Projects". This implies that the Fosen Vind projects is fully financed and is not included in the allocation of proceeds for the Green Bonds. However, investments related to Roan Wind Farm which falls within the look-back period is regarded as eligible.

Wind Farms Fosen Wind Project	Commissioned
Storheia	2019
Kvenndalsfjellet	2020
Harbakksfjellet	2020
Hitra 2	2020
Geitfjellet	2020
Roan	2018

Allocation Report

Introduction

TrønderEnergi issued green bonds in February 2021 in the Norwegian market with tenors and amounts of respectively 4.5 years and NOK 650m and 7 years and NOK 850m. Green bonds and allocation of proceeds follows the Green Finance Framework. In addition, TrønderEnergi entered a loan agreement with Nordic Investment Bank amounting to NOK 600m in December 2020. The loan agreement states an amortization free period of 5 years followed by a ten-year repayment plan.

TrønderEnergi sees the Green Bond market as a necessity and an important marketplace to finance sustainable projects. Given the green shift, ongoing political movements, and increased underlying risks due to climate change, we believe this attracts more investors, and hence, a more diverse investor base. Given TrønderEnergis portfolio of future green projects and activities, the Green Bond market will be an important source of funding in the future. TrønderEnergis green bonds are listed, and investors participating in the issue were mainly pension companies, insurance companies and asset management.

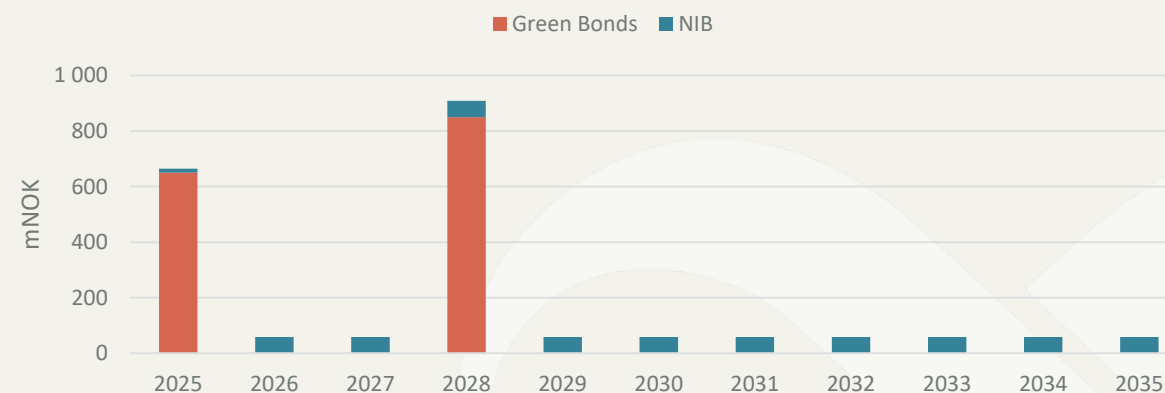
Green Financing Portfolio

TrønderEnergis green financing portfolio amounts to a total of NOK 2,1 bn. Based on TrønderEnergis investment activities from 2018-2021, both the Green Bonds and the loan agreement with NIB is fully utilized by 31.12.2021.

mNOK

ISIN / Name	Amount	Issue Date	Maturity	Allocated Amount
Nordic Investment Bank (Fosen Vind projects)	600	18.12.2020	18.12.2035	600
NO0010936222	650	24.02.2021	24.09.2025	650
NO0010936198	850	24.02.2021	24.02.2028	850
Green Bonds	1 500			1 500
Other Green Finance	600			600
Total Green Financing	2 100			2 100

Maturity Profile TrønderEnergi Green Finance Portfolio



Allocation Report

Eligible Projects and Investments

The figures in the following sections illustrate the distribution of proceeds. We distinguish between eligible projects allocated to the green bonds and for the loan agreement with NIB. As mentioned in previous sections, the NIB loan is related to Fosen Vind projects and is therefore categorized under "Renewable Energy".

Green Bond / NIB - Eligible Projects

Category	Green Bond	NIB	Sum Total
Renewable Energy	1 240 500	662 900	1 903 400
Energy Efficiency	497 400	-	497 400
Sum Total	1 737 900	662 900	2 400 800

Overview Green Bonds

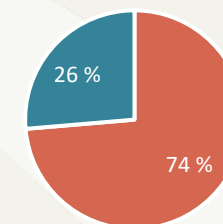
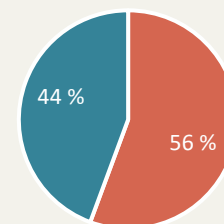
The two tables on the right-hand side illustrate the exact allocation between categories and the investment year. Due to confidentiality concerns renewable energy is disclosed on an aggregated level. The Green Finance Register shows that TrønderEnergi has a surplus of eligible projects. In addition, we have diagrams illustrating the split between project categories and re-finance or financing of new eligible projects, based on the allowed look-back period.

Used Allocation - Green Bond Financing

		<i>NOK 1000</i>				
Category	Eligible Projects	2018	2019	2020	2021	Sum Total
Renewable Energy	Hydro & Wind	272 500	151 700	137 800	542 800	1 104 800
Energy Efficiency	Ohmia Charging	-	25 800	168 300	49 400	243 500
Energy Efficiency	Ohmia Retail	-	-	64 300	46 300	110 600
Energy Efficiency	Ohmia Construction	-	-	-	24 400	24 400
Energy Efficiency	R&D	1 200	8 300	4 700	2 500	16 700
Sum Total		273 700	185 800	375 100	665 400	1 500 000

Surplus Eligible Projects

		<i>NOK 1000</i>				
Category	Eligible Projects	2018	2019	2020	2021	Sum Total
Renewable Energy	Hydro & Wind	-	-	-	135 700	135 700
Energy Efficiency	Ohmia Charging	-	-	-	50 000	50 000
Energy Efficiency	Ohmia Retail	-	-	-	30 000	30 000
Energy Efficiency	Ohmia Construction	-	-	-	20 000	20 000
Energy Efficiency	R&D	-	-	-	2 200	2 200
Sum Total		-	-	-	237 900	237 900



■ Re-finance Eligible Projects ■ Finance Eligible Projects

■ Renewable Energy ■ Energy Efficiency

Impact Report

All human activity will lead to emissions of greenhouse gas emissions in addition to other environmental consequences. If to less extent directly during its use and maintenance phase, then through the resource extraction, transport, technology production, disposal phase, or through land use changes. TrønderEnergi acknowledges that also hydro and wind production have such consequences but maintains that the positive climate and environment consequences greatly exceeds the negative ones.

TrønderEnergi aims to be as diligent as possible when assessing the positive impacts of our renewable activities. Among other things, that entails avoiding green washing by being conservative in the calculation of the positive effects of our endeavours and being as transparent as possible in our calculations.

It is therefore important to be aware that the green bonds hasn't necessarily covered the total costs of the listed projects and hence are not responsible for the listed impacts in their totality. Many of TrønderEnergi's projects stems from decades old constructions and facilities, and the green bonds have in some cases been used for maintenance and rehabilitation. As it is impossible to precisely determine to what extent a given measure contribute to for example extended production time, TrønderEnergi has determined to provide the total value. The expenditure therefor will not necessarily reflect the given yearly power production. Hence, it is more precise to say that the green bonds listed in this report can be said to have *contributed* to enabling projects with impacts as listed under the section for "Renewable Power Production".



Impact Report

Renewable Power Production

To quantify the carbon emission mitigation due to these projects, we've decided to compare the carbon intensity of the realized project with the carbon intensity of the average technology composition that would be needed to replace the power production of the realized project. The calculations of emissions avoided is dependent upon the chosen frame of reference, as to what power production that in theory could be replaced by our renewable power project. Therefore, the carbon intensity of each project is compared to the average Norwegian, Nordic and European power mix. This is done by multiplying the average production with the carbon intensity of the given technology.

According to calculations by the Norwegian Institute for Sustainability Research (NORSUS) the LCA emissions of a typical hydro power plant in Norway is 3.3 gCO₂e/kWh (1). The average LCA emission for a wind power plant is assumed to be 8.7 gCO₂e/kWh, based upon ranges from several sources and LCAs from suppliers (2). The Nordic Power mix is estimated by SMED at 90.4 gCO₂e/kWh (3), and the EU28 power mix at 294.2 gCO₂e/kWh (4).

TrønderEnergi pledged to use a common grid factor of 16 gCO₂e/kWh with reference to the Norwegian Electricity mix when issuing the green bonds in 2021 and have used that in these calculations. But as of February 2022, NVE operate with a calculated carbon intensity of 8 gCO₂e/kWh (5). Hence, updating our number would have entailed increased emissions avoided in the column for Norwegian Power mix.

	Production (GWh)	Green financing (NOK 1000)	Norwegian power mix (tCO ₂ e)	Nordic power mix (tCO ₂ e)	EU28 power mix (tCO ₂ e)
Hydro power	1 477	172 943	18 759	128 655	429 689
Wind power (GB)	716	1 001 745	5 226	54 488	204 385
Wind Power (NIB)	211	662 909	1 539	17 229	60 207
Total	2 674	1 837 597	25 525	204 372	694 280

(1) <https://norsus.no/publikasjon/the-inventory-and-life-cycle-data-for-norwegian-hydroelectricity/>
(2) https://publikasjoner.nve.no/rapport/2019/rapport2019_17.pdf
(2) <https://www.nve.no/energi/energisystem/vindkraft/kunnskapsgrunnlag-om-virkninger-av-vindkraft-paa-land/klimate/>
(2) ENERCON: LCA of ENERCON Wind Energy Converter E-82 E2
(3) <https://naturvardsverket.diva-portal.org/smash/get/diva2:1540012/FULLTEXT01.pdf%20-%20side%205>
(4) <https://www.eea.europa.eu/data-and-maps/data/co2-intensity-of-electricity-generation>
(5) <https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-strommen-fra/#:~:text=Varedeklarasjon%20for%20str%C3%B8mleverand%C3%B8rer%20viser%20ikke,str%C3%B8mproduksjonen%20som%20l%20everes%20p%C3%A5%20str%C3%B8mnettet.>

Energy Efficiency

TrønderEnergi also pursues several projects that facilitates energy efficiency measures and/or enable technologies that help usher in the green shift. These include Ohmia Charging, Ohmia Retail and Ohmia Construction.



Ohmia Charging ∞



Ohmia Retail ∞



Ohmia Construction ∞



Used Allocation - Green Bond Financing

		<i>NOK 1000</i>				
Category	Eligible Projects	2018	2019	2020	2021	Sum Total
Energy Efficiency	Ohmia Charging	-	25 800	168 300	49 400	243 500
Energy Efficiency	Ohmia Retail	-	-	64 300	46 300	110 600
Energy Efficiency	Ohmia Construction	-	-	-	24 400	24 400
Sum Total		-	25 800	232 600	120 100	378 500



Energy Efficiency

Ohmia Construction

Ohmia Construction offers Plug-and-play charging systems that enables simple and cost-effective transition to electricity powered building and construction sites. By removing the need for fossil fuels, the renewable power mitigates emissions of greenhouse gases. We began our operations in September 2021.

Calculations based on the following assumptions

Energy Efficiency (Electric Engine)	85%	https://www.sintefbok.no/book/index/1201/30_tonns_utslippsfri_gravemaskin
Energy Efficiency (Diesel Engine)	30%	https://www.sintefbok.no/book/index/1201/30_tonns_utslippsfri_gravemaskin
Energi Density (Diesel)	10.1 kWh/l	https://snl.no/energitetthet
Carbon Intensity (Diesel)	3.24 kg CO2e/l	
Carbon Intensity (Power)	8 g/kWh	https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-strommen-fra/

Ohmia Charging

Ohmia Charging offer vehicle charging solutions for housing associations. That incentivizes the green shift from traditional fossil fuel cars to EVs. In 2021 our equipment charged almost 7.4 GWh supporting further development towards an emission free transport sector.

Ohmia Retail

Ohmia Retail contribute to reductions in power consumption by optimizing cooling facilities. Through operations in 22 stores the total consumption was reduced by 26%, almost 5 GWh. In addition, 25 000 litres of oil was phased out of three stores.

	Period	Emissions avoided (kg CO2e)	Power consumption with GoO (KWh)
Petersrønningen	Sep-Dec	25 964	30 410
Lademoen	Dec-	3 586	2 439
Nidarvoll	Dec-	4 401	
Sum		33 951	32 849

Mega Egersund	-14%	Extra Dombås	-10%	Extra Raufoss	-20%	Marked Sel	-43%	Mega Sola	-17%
Mega Trysil	-49%	Prix Badedammen	-37%	Prix Koppang	-30%	Prix Misjonsveien	-24%	Prix Tretten	-26%
Prix Årdal	-30%	Extra Biri	-22%	Extra Hana Sanz	-25%	Extra Hundvåg	-35%	Extra Klubbga ta	-48%
Extra Ringebu	-47%	Extra Sokndal	-23%	Extra Sødorptunet	-56%	Extra Tau	-9%	Extra Vikevåg	-27%
Obs Kvadrat	-19%	Obs Mariero	-20%	Spar Odden	-37%				

Selection of Investments and Projects



Roan Wind Farm

Roan Wind Farm is located in Åfjord. With its 71 turbines and an expected annual production of 884 GWh makes it one of the largest onshore wind farms in northern Europe.

Roan was originally part of the Fosen Vind project that TrønderEnergi has been involved in together with Statkraft and Nordic Wind Power. The wind farm has been operational since 2018 and is planned to operate until 2043.

In 2021 TrønderEnergi and Stadtwerke München joined forces once more and acquired Statkraft`s 52,1 % share in Roan Vind DA. The ownership is structured in a joint venture called TrønderEnergi Roan Holding, where TrønderEnergi and Stadtwerke München own 51 % and 49 % respectively. TrønderEnergi Roan Holding AS owns 60 % in Roan Vind DA.



OHMIA CHARGING

Ohmia Charging AS is a market leader in Norway as a supplier of chargers within the housing condominiums segment. The company designs and finances the establishment of charging infrastructure for electric vehicles. In total, Ohmia Charging has delivered approximately 29.000 parking spaces and have 4.300 paying customers.

Ambitions by 2030



Market leader in Norway
with 130,000 parking spaces,
50% degree of penetration,
65,000 subscribers and more
than m300NOK in turnover



Be the **preferred supplier** of
charging systems for end
customers



Market share of 50% of
charging systems in new
buildings with shared parking
facilities



**Established position in the
European market by 2023**

OHMIA RETAIL

The high and volatile power prices give incentives to shift towards energy efficient solutions. Only in the EU, supermarkets accounts for around 3 % of the total electricity consumptions. In addition, regulations on F-gas (Fluorinated gas) emissions forces these supermarkets to upgrade.

Ohmia Retail is a result of a merger of three companies in 2020, before Vifco Konsult AS was acquired in 2021. TrønderEnergi bought 67 % of Ohmia Retail in 2020, and by mid-2021, the remaining 33 % was acquired.

In short, Ohmia Retail delivers a fully funded state of the art energy effective cooling and refrigeration equipment solution included 24/7 monitoring and support towards the retail industry. Ohmia Retail is a market leader with a customer portfolio of 2.460 retail stores in Norway.

Ambitions by 2030



Total turnover of NOK 1bn
in Norway and Europe



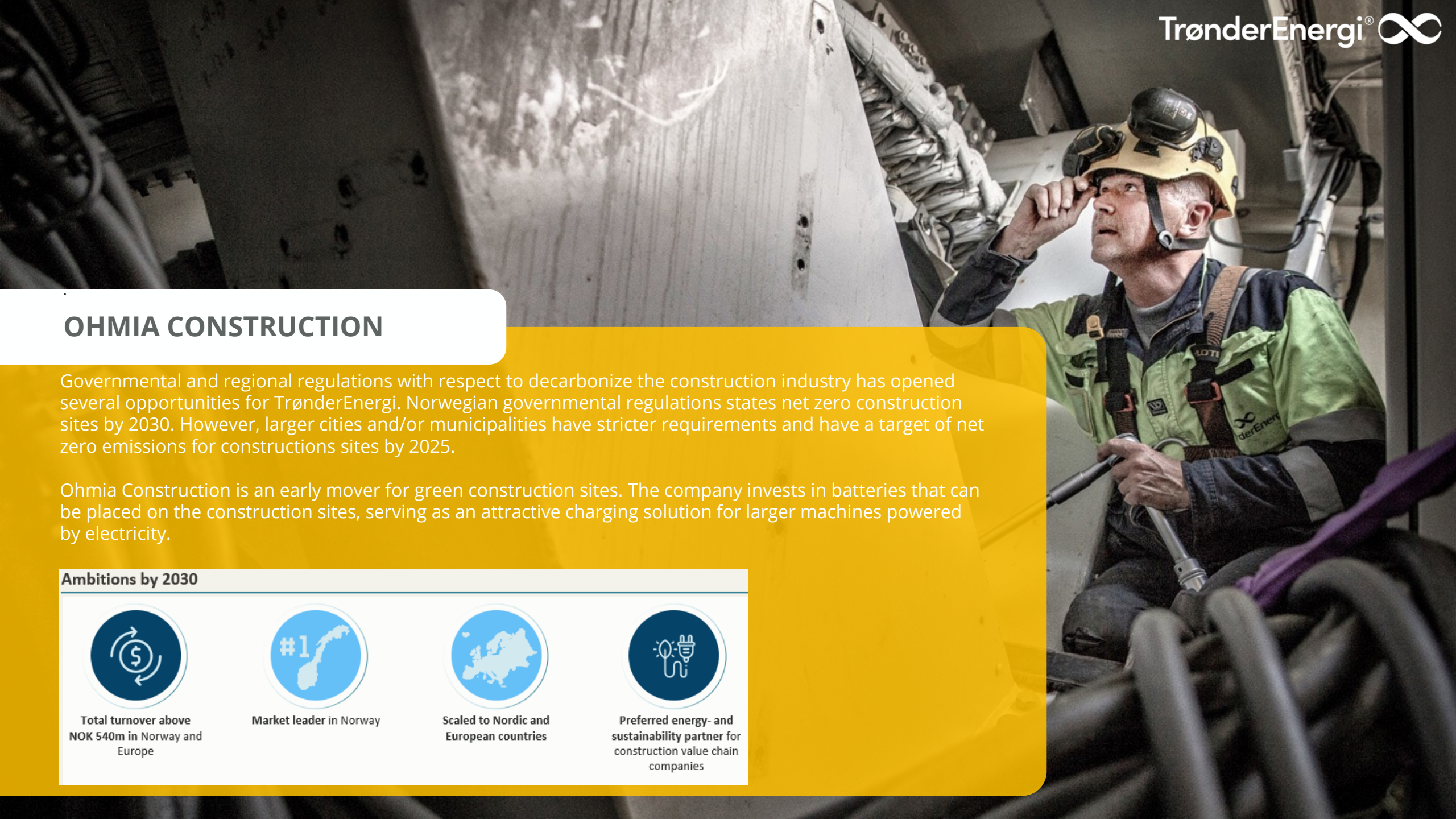
Market leader in Norway,
with NOK 500m in turnover
and where TrønderEnergi
owns 100%



**Scaled to several European
countries, with NOK 500m
in turnover, and
TrønderEnergi owns 53%**



**Preferred energy- and
sustainability partner**



OHMIA CONSTRUCTION

Governmental and regional regulations with respect to decarbonize the construction industry has opened several opportunities for TrønderEnergi. Norwegian governmental regulations states net zero construction sites by 2030. However, larger cities and/or municipalities have stricter requirements and have a target of net zero emissions for constructions sites by 2025.

Ohmia Construction is an early mover for green construction sites. The company invests in batteries that can be placed on the construction sites, serving as an attractive charging solution for larger machines powered by electricity.

Ambitions by 2030



Total turnover above
NOK 540m in Norway and
Europe



Market leader in Norway



Scaled to Nordic and
European countries



Preferred energy- and
sustainability partner for
construction value chain
companies

Limited Assurance Report From the Independent Auditor



To the Group Management of Trønderenergi AS

Independent Limited Assurance Report

We have been engaged by the Group Management of Trønderenergi AS (the "Company") to undertake an examination of selected information in the Company's *Green Finance Letter 2021*, concerning the Company's Green Bonds issued in February 2021.

Assurance scope

The scope of our work was to provide a limited assurance report in relation to the information described in the part "Allocation report" of the *Green Finance Letter 2021*. The reporting criteria against which this information was assessed is the Company's *Green Financing Framework* per February 2021, chapter 4 "External Review", available on the Company website.

The scope of our work was limited to conclude whether for the period from 1 January 2021 to 31 December 2021:

- the Green Bonds net proceeds have been allocated to the Eligible Projects as communicated in the table "Used Allocation – Green Bond Financing" in *Green Finance Letter 2021* and
- the Eligible Projects comply with the criteria as communicated in Company's *Green Financing Framework*, chapter 1 "Use of Proceeds".

Our assurance does not extend to any other information in the *Green Finance Letter 2021*. We have not reviewed and do not provide any assurance over any individual project 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 Financing 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.

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 Letter 2021* has not been prepared, in all material respects, in accordance with the reporting criteria.

Trondheim, 27 April 2022
PricewaterhouseCoopers AS

Kjetil Smørdal
State Authorised Public Accountant

(This document is signed electronically)