

# Green Finance Letter 2022

TrønderEnergi® 



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# Introduction

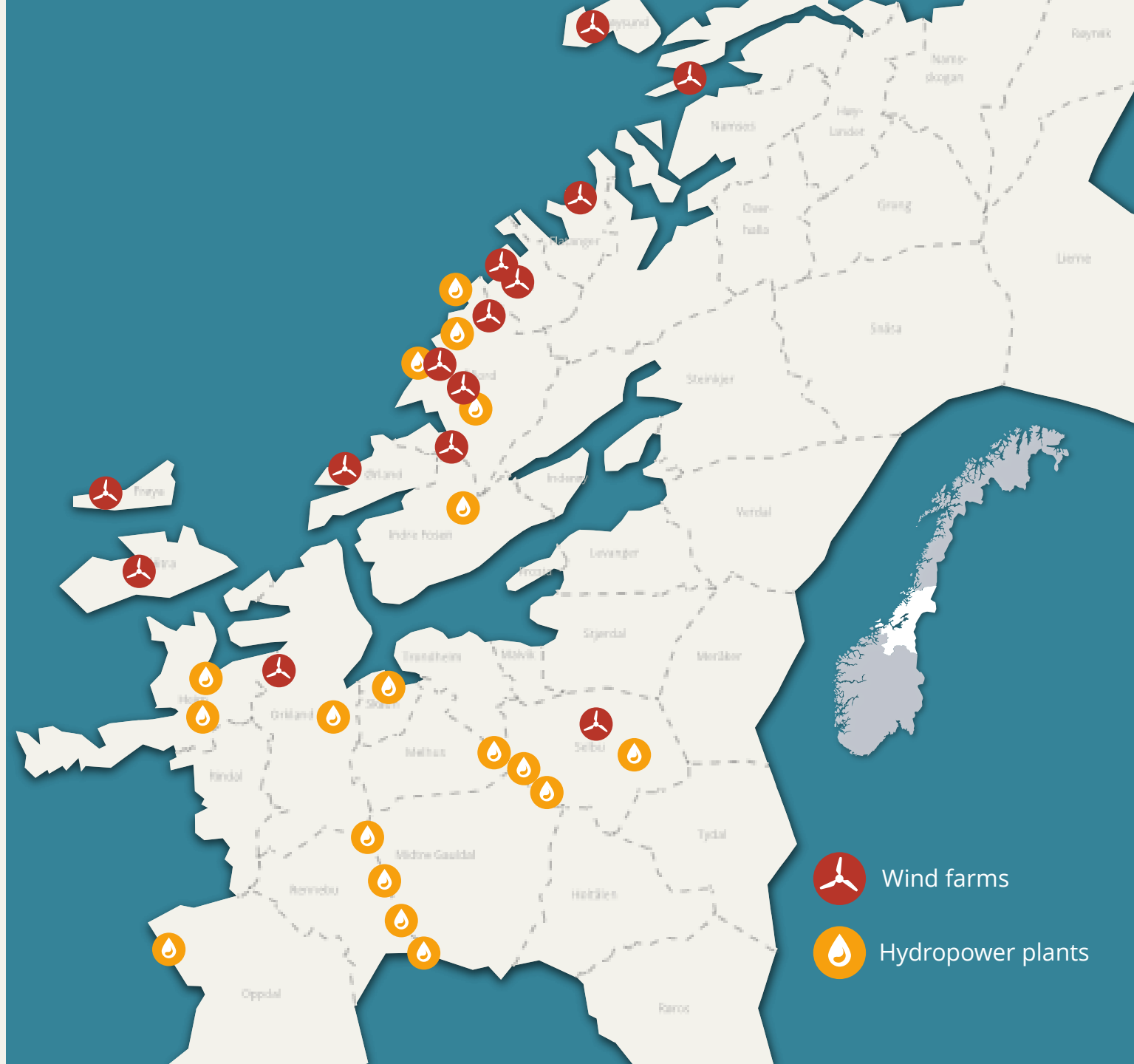
## About TrønderEnergi

TrønderEnergi is one of the largest locally owned utilities in Norway, owned by 19 municipalities in Mid Norway and KLP. TrønderEnergi is wholly or partly owner of 17 hydropower plants, 14 fully operating wind farms through the ownership in Aneo Group 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.

During 2022 TrønderEnergi underwent a demerger, establishing Aneo in partnership with the equity-fund HitecVision. TrønderEnergi will consist of hydro power production and operation, while Aneo will focus on new growth opportunities in both upstream and downstream segments.

Together both TrønderEnergi and Aneo will contribute to the green transition by producing clean, renewable power and offer an array of customer services through energy efficiency solutions.



## 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 2022 available at our website.








# 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. Reporting
4. 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.	 7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all
		 13 CLIMATE ACTION Take urgent action to combat climate change and its impacts
Energy Efficiency	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, “Aneo Mobility” and “Aneo Retail”  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”	 7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all
		 11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable
		 13 CLIMATE ACTION Take urgent action to combat climate change and its impacts

# 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 TrønderEnergi's portfolio of future green projects and activities, the Green Bond market will be an important source of funding in the future. TrønderEnergi's green bonds are listed, and investors participating in the issue were mainly pension companies, insurance companies and asset management.

In light of the transaction with HitecVision in 2022, TrønderEnergi has adjusted the allocation report to reflect the new ownership structure. The reported figures for 2021 is aggregated in one single column, listing all eligible projects and activities, as well as figures for 2022.

TrønderEnergi acknowledge that transparency has a tremendous value with respect to the market. However, TrønderEnergi reserves the right to withhold certain information with respect to confidentiality agreements if need be. The allocation of proceeds will be presented on an aggregated portfolio basis where necessary.

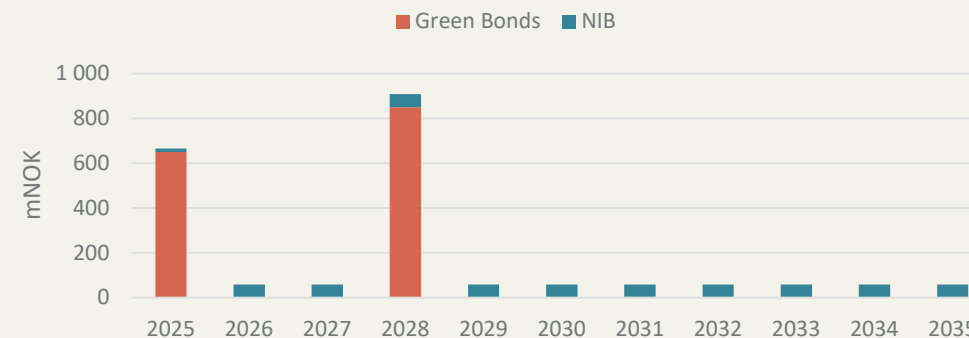
## Green Financing Portfolio

TrønderEnergi's green financing portfolio amounts to a total of NOK 2,1 bn.

*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
<b>Total Green Financing</b>	<b>2 100</b>			<b>2 100</b>

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	687 210	662 900	1 350 110
Energy Efficiency	193 912	-	193 912
<b>Sum Total</b>	<b>881 122</b>	<b>662 900</b>	<b>1 544 022</b>

### Overview Green Bonds

The two tables illustrate the exact allocation between categories and the investment year. The Green Finance Register shows that TrønderEnergi, given the new owner structure has unallocated funds available for new eligible green projects in the future. Proceeds yet to be allocated towards Eligible Projects will be held in accordance with TrønderEnergi liquidity management policy and managed as such.

## Allocation Report - Green Bond Financing 2022

Category	Ownership	Eligible Projects	2018-2021	2022	Sum Total
Renewable Energy	81,01 %	Hydro	189 725	49 903	239 628
Renewable Energy	25,50 %	Wind	256 683	108 853	365 536
Renewable Energy	25,50 %	Biogas	-	73 764	73 764
Renewable Energy	25,50 %	Solar	-	8 282	8 282
Energy Efficiency	25,50 %	Aneo Mobility	74 894	40 154	115 047
Energy Efficiency	25,50 %	Aneo Retail	35 879	-	35 879
Energy Efficiency	25,50 %	Aneo Build	11 322	24 310	35 632
Energy Efficiency	25,50 %	Aneo Industry	-	827	827
Energy Efficiency	25,50 %	Aneo Real Estate	-	1 630	1 630
Energy Efficiency	25,50 %	R&D	4 896	-	4 896
<b>Sum Total</b>			<b>573 398</b>	<b>307 723</b>	<b>881 122</b>
<b>Unallocated Funds</b>					<b>618 878</b>

# Impact Report

All human activity will lead to 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 power 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 therefor 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".





## Renewable Energy

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 gCO<sub>2</sub>e/kWh (1). The average LCA emission for a wind power plant is assumed to be 8.7 gCO<sub>2</sub>e/kWh, based upon ranges from several sources and LCAs from suppliers (2). The Nordic Power mix is estimated by SMED at 90.4 gCO<sub>2</sub>e/kWh (3), and the EU28 power mix at 294.2 gCO<sub>2</sub>e/kWh (4).

TrønderEnergi pledged to use a common grid factor of 16 gCO<sub>2</sub>e/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 March 2023, NVE operate with a calculated carbon intensity of 11 gCO<sub>2</sub>e/kWh (5). Hence, updating our number would have entailed increased emissions avoided in the column for Norwegian Power mix.

Regarding Aneo Renewables and our solar power production the company will contribute to an increase in renewable power penetration by building and acquiring solar power farms. This addition of solar power will enable a further decrease of reliance on power fueled by non-renewable means, such as fossil fuel. Production will begin in 2023.

	Production in portfolio 2022 (GWh)	Green Financing (kNOK)	Norwegian Power Mix (tCO <sub>2</sub> e)	Nordic Power Mix (tCO <sub>2</sub> e)	EU28 Power Mix (tCO <sub>2</sub> e)
Hydro and wind power	3 172	158 756	40 286	276 295	922 782
Solar power	-	8 282	-	-	-
Total	3 172	167 038	40 286	276 295	922 782

(1) <https://norsus.no/publikasjon/the-inventory-and-life-cycle-data-for-norwegian-hydroelectricity/>  
(2) [https://publikasjoner.nve.no/rapport/2019/rapport2019\\_17.pdf](https://publikasjoner.nve.no/rapport/2019/rapport2019_17.pdf)  
(2) <https://www.nve.no/energi/energisystem/vindkraft/kunnskapsgrunnlag-om-virkninger-av-vindkraft-paa-land/klima/>  
(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/>

# Impact Report

## Renewable Energy

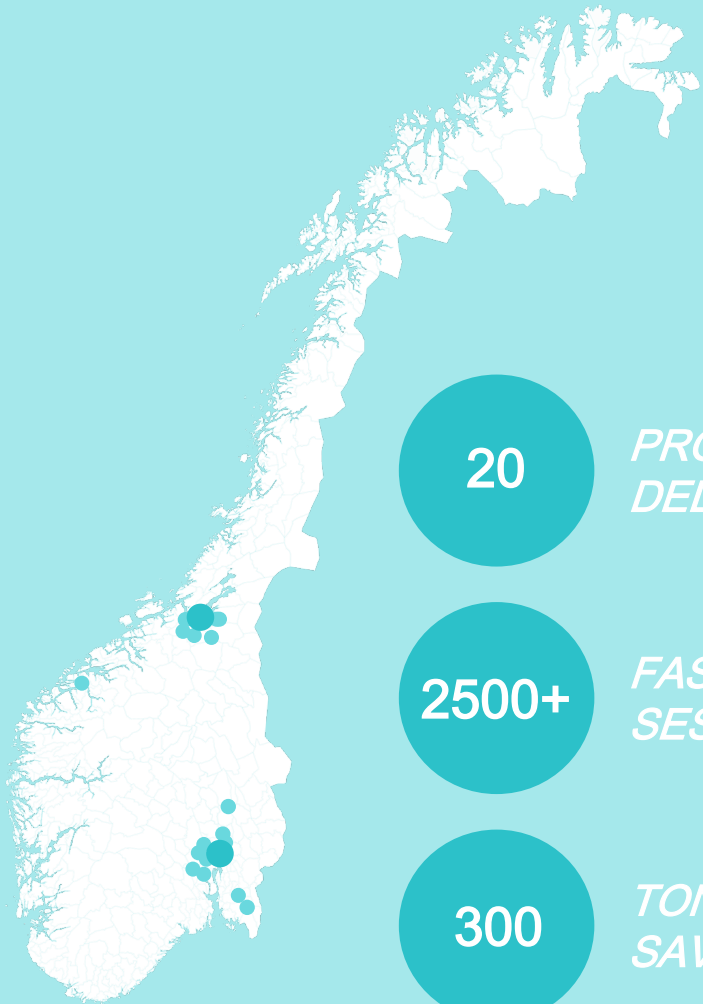
### Biogas

Aneo Renewables Holding holds 15.891.422 shares (36,5% of total shares) in Scandinavian Biogas Fuels International AB. Scandinavian Biogas is one of the Nordic region's largest producers of biogas, and actively supports a sustainable transition from fossil to renewable energy. The Group produces and sells liquid and compressed biogas, primarily for use in heavy transport and shipping.

The amount of produced biogas in 2022 equals 351 GWh (Aneo's share, 36,5%: 128 GWh). That equals a reduction in CO<sub>2</sub>-emission compared with fossil fuels of 99.799 tones CO<sub>2</sub> (Aneo's share, 36,5%: 36.427 tones CO<sub>2</sub>) (1)



(1) <https://scandinavianbiogas.com/wordpress/wp-content/uploads/2023/03/Scandinavian-Biogas-Annual-and-Sustainability-Report-2022.pdf>



- Projects
- Offices

20

PROJECTS  
DELIVERED

2500+

FASTCHARGING  
SESSIONS

300

TONS CO<sub>2</sub>e  
SAVINGS

# Impact Report

## Energy Efficiency

### Aneo Build

*Aneo Build delivers expertise within renewable energy and mobile fast charging solutions for the construction industry*

Aneo Build offers plug-and-play charging systems that enables a 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.

Through over 20 projects, Aneo Build mitigated **292 506** kg CO<sub>2</sub>-equivalents.

*Calculations based on the following assumptions*

Energy Efficiency (Electric Engine)	85%
Energy Efficiency (Diesel Engine)	30%
Energi Density (Diesel)	10.1 kWh/l
Carbon Intensity (Diesel)	3.24 kg CO <sub>2</sub> e/l
Carbon Intensity (Power)	11 g/kWh
<i>kommer-strommen-fra/</i>	

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<https://snl.no/energitetthet>

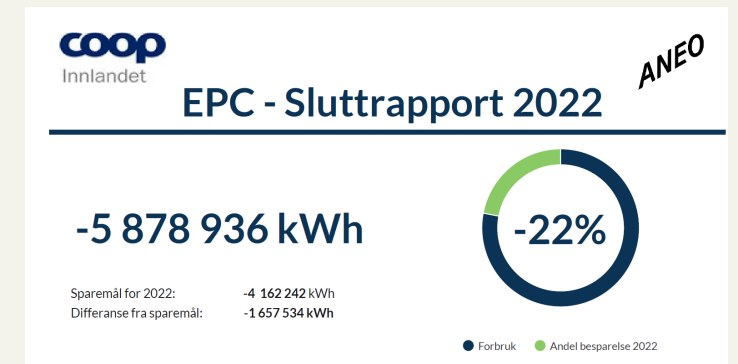
<https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-strommen-fra/>

### Aneo Retail

Aneo Retail contribute to reductions in power consumption by optimizing cooling facilities in food retail and HVAC-systems in commercial buildings. Through several services within energy efficiency over 1000 buildings/food retail stores, our customers have reduced the power consumption with over 30 GWh from 2021 to 2022.

For one customer we have established an Energy Performance contract (EPC). The contract is based on a yearly guaranteed energy savings, over ten years. The result for 2022 was 5,9 GWh reduction in power consumption compared to the reference year (Energy consumption before any energy measures had been done). That is an improvement of 0,85 GWh compared to 2021.

Total customer base: 1074 Stores/buildings		
Year	Power consumption (GWh)	Ton CO <sub>2</sub> -eqv (1)
2021	512	5 673
2022	479	5 269
<b>Reduction</b>	<b>-33</b>	<b>-368</b>



### Aneo Mobility

Aneo Mobilities offer vehicle charging solutions to housing associations and condominiums. That incentivizes the green shift from traditional fossil fuel cars to EVs.

We have 75,000 parking spaces across the country, and about 10 000 charging stations installed. In 2022 our equipment charged almost 13,9 GWh, supporting further development towards an emission free transport sector.

(1) <https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-stroemmen-fra/>  
a) Carbon intensity: 11h/kWh

### Aneo Industry

Aneo Industry contributes to reduced energy waste, increased energy efficiency and electrification of the process industry. Large parts of the industry today uses fossil energy sources, and there is a great need both for energy efficiency and a transition to more sustainable energy sources.

Aneo Industry offers a solution that contributes to both. With the help of high-temperature heat pump technology, waste heat in the form of hot air/steam from the production process is captured and refined. The heat pump system increases temperature and pressure until the thermal energy can be re-used in the production process. In this way, Aneo Industry contributes to the circular economy at the same time as the total energy consumption is significantly reduced. In addition, electrification contributes to reduced carbon emissions, an almost 100% reduction for the process in question.

Installation of the first pilot is ongoing in cooperation with Felleskjøpet Agri and is expected to be in operation during the autumn 2023. The 1,65 MW heat pump system will reduce the energy consumption in a production line for animal feed by approx. 65 %.

### Aneo Real Estate

Aneo Real Estate offers solar power systems for commercial buildings at no investment cost for its customers. Through a fixed monthly price, we will ensure that the building produces its own renewable solar energy and thus reduce its need for the use of other power supplies. Aneo Real Estate will contribute to reducing CO<sub>2</sub> emissions and strain on the power grid, by producing *new, clean solar energy*.

Aneo Real Estate is in the start-up phase, and only had construction assets in the form of installations of solar systems on commercial buildings in 2022. As of 2023 will be able to produce solar energy from our systems.

In our future forecasts, significant growth is expected in the solar energy market in Norway and Europe as a whole, as a result of the European Commission proposal on demanding roof-mounted solar on all new commercial buildings and public buildings that meet given criteria. Based on a growing market for the use of solar energy for commercial buildings, a future annual production level for our concept by 2023 is estimated to **0.35 TWh**. Aneo Real Estate will thus contribute to **3 895 tonnCO<sub>2</sub>e avoided** based on calculated carbon intensity of the Norwegian Electricity mix (1).



(1) <https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-stroemmen-fra/>  
a) Carbon intensity: 11h/KWh

# Limited Assurance Report From the Independent Auditor



To the Group Management of Trønderenergi AS

## Independent statement regarding Trønderenergi AS's Green Finance Letter

We have been engaged by Trønderenergi AS (the "Company") to undertake a limited assurance engagement on selected information about the allocations of proceeds in the Company's Green Finance Letter 2022 (Subject Matter Information). The scope of our work was limited to assurance over:

- the description of processes for evaluation and selection of the green projects as described in the Green Financing Framework per February 2021 in the section "Selection and evaluation of eligible projects", and
- allocating proceeds from the Green Bonds to such investments and expenditures, as described in the table "Allocation Report - Green Bond Financing 2022" available in the Green Finance Letter 2022 section "Allocation report" on page 7.

The "Allocation Report" is prepared using the criteria described in the "Use of Proceeds" section in the Green Financing Framework per February 2021. The table defining the criteria for eligible projects in the "Use of Proceeds" section is included in the Green Finance Framework section on page 5 in the Green Finance Letter 2022.

Our assurance does not extend to any other information in the Green Finance Letter 2022 than the table "Allocation Report - Green Bond Financing 2022". We have not reviewed and do not provide any assurance over any information reported in the "Impact Reporting".

### The Green Finance Committee's Responsibility

The Green Finance Committee is responsible for ensuring that the Company has implemented appropriate guidelines for green finance management and internal control.

The Green Finance Committee is responsible for evaluating and selecting eligible green projects, for the use and management of proceeds, and for preparing a "Green Financing Investor Letter" that is free of material misstatements, whether due to fraud or error, in accordance with the Company's "Green Financing Framework".

### Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply International Standard on Quality Management 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.



### Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – "Assurance Engagements other than Audits or Reviews of Historical Information", issued by the International Auditing and Assurance Standards Board. This standard requires us to plan and perform procedures to obtain limited assurance about whether the Subject Matter Information is free from material misstatement. A limited assurance engagement in accordance with ISAE 3000 involves assessing the suitability in the circumstances of management's use of the criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and, among others, included an assessment of whether the criteria used are appropriate. Our procedures also included making inquiries primarily of persons responsible for the management of bond proceeds and the process for selection of eligible green projects and for the allocation reporting; obtaining and reviewing relevant information that supports the preparation of the allocation reporting; assessment of completeness and accuracy of the allocation reporting; and testing and reviewing various supporting documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the criteria.

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

### Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that allocations of proceeds in the Company's Green Finance Letter 2022 has not been prepared, in all material respects, in accordance with the relevant criteria.

Trondheim, 26 April 2023  
PricewaterhouseCoopers AS

Kjetil Smørdal  
State Authorised Public Accountant  
(This document has been signed electronically)