



Haugaland Kraft & Sunnhordland Kraftlag (SKL)

GREEN FINANCING FRAMEWORK

March 2025

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ABOUT HAUGALAND KRAFT AND SKL

This is Haugaland Kraft

Haugaland Kraft Group's main activities are production, transmission and sale of electric power, and the development and operation of fiber networks as well as the sale of fiber services.

The Group's regional presence extends from Haugalandet and Sunnhordland to inner Ryfylke and parts of Hardanger. Haugaland Kraft has approx. 500 employees at its head office in Haugesund and branches in Stord, Fitjar, Halsnøy, Suldal, Sauda, Ølen, Skånøvik, Odda and Røldal.

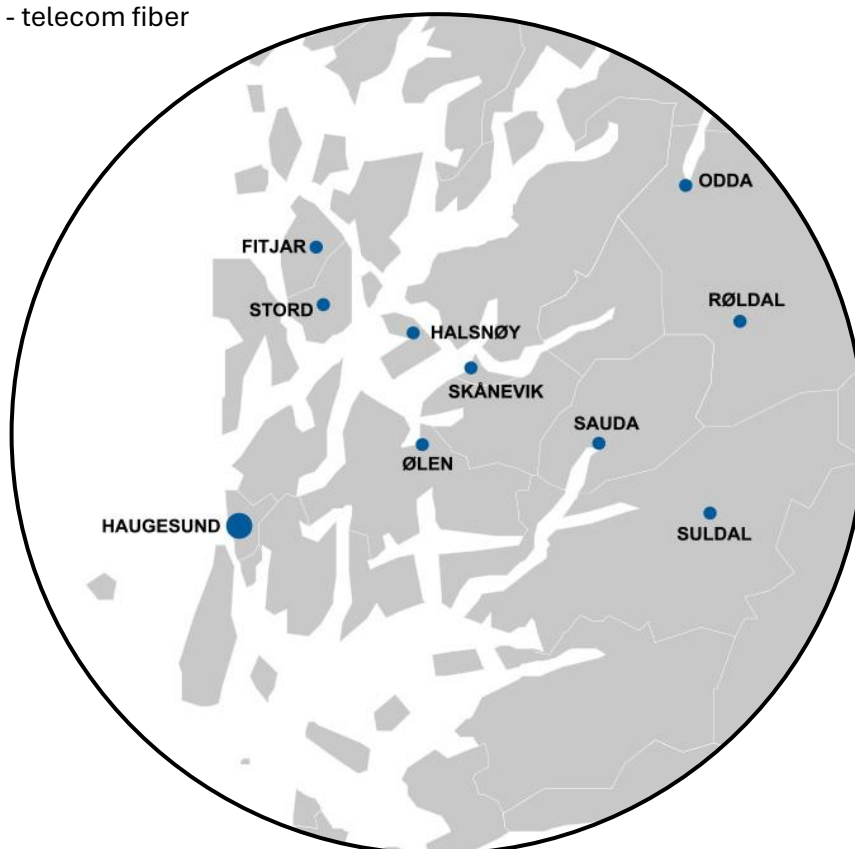
Haugaland Kraft has organized its business areas in separate companies:

- **Fagne AS** - power distribution
- **Haugaland Kraft Energi AS** - electricity sales and energy related services
- **Haugaland Kraft Fiber AS** - telecom fiber
- **Endra AS** - solar power

Haugaland Kraft is the majority owner (59.7%) of the hydropower producer **Sunnhordland Kraftlag (SKL)**, more thoroughly described later in the section, and owns 80% of the telecom fiber company **Afiber**.

Furthermore, the Group is part owner in the offshore wind company **Deep Wind Offshore** and the onshore power charging supplier **Havnekraft**.

The parent company **Haugaland Kraft AS** provides joint services such as administration, finance, IT, digitalization, HR, logistics, communication and customer services to the subsidiaries.





Haugaland Kraft Energi

Haugaland Kraft Energi supplies electricity and energy-related products and services. The company's value proposition is to sell as little electricity as possible to as many customers as possible.



Fagne

Changing the name from Haugaland Kraft Nett in 2022, Fagne is responsible for critical infrastructure in an area of over 5,000 square kilometers. It distributes electricity to around 150,000 inhabitants in Haugalandet, Sunnhordland, inner Ryfylke and parts of Hardanger.



Endra

Endra was founded by Haugaland Kraft in 2022 to develop, build, own and operate solar power plants in Norway and the Nordic region. Endra focuses on the developing solar power plants in "grey" areas, i.e. abandoned industrial areas that can be used in a new, sustainable way.



Haugaland Kraft Fiber

Haugaland Kraft Fiber is responsible for the development and operation of the fiber network in the area between Boknafjorden and Bjørnafjorden, thereby supplying critical infrastructure and services for telecommunication which enables society to connect digitally. Furthermore, the company supplies Altibox services (internet, television and IP telephony).

Afiber

Afiber is owned by Haugaland Kraft and Kragerø Bredbånd (80/20), and offers businesses and private household along the coast of Agder county access to internet and television services through fiber network.



Havnekraft

Havnekraft is a 50/50 joint-venture between Haugaland Kraft and Karmsund Havn. The company builds, owns and operates shore-power plants and other climate-friendly energy solutions for the maritime industry. Havnekraft has several shore power charging stations in the local area, serving Haugesund Cruise Terminal at Garpeskjær and Haugesund Subsea and Offshore base at Killingøy. The company aims to facilitate the use of shore power to all vessels which are mobilizing or awaiting new assignments.



Deep Wind Offshore

Deep Wind Offshore is an international developer and owner of offshore wind projects, part-owned by Haugaland Kraft and SKL (31.4%), Knutsen OAS (31.4%) and British renewable energy group Octopus Energy (16,0%) together with the initial entrepreneurs (21.2%). Deep Wind Offshore has a proven track-record in development of floating and bottom fixed projects.



During the last few years Deep Wind Offshore has built a solid organization that is well positioned in Norway and internationally and aim to build 10 TWh of net own offshore wind generation globally by 2032. Deep Wind Offshore has expanded to Sweden and to South Korea, where it has four projects of up to 6 GW and 2 GW under exclusive development.



Sustainability at Haugaland Kraft

We are part of the renewables industry and have for more than 115 years built and further developed critical infrastructure, which is crucial for our community and Norway to succeed in the energy transition to an emission-free society. At the same time, we facilitate green growth and new jobs in the region. In our sustainability work, our motto is to **think globally and act locally**.

Haugaland Kraft has a **social responsibility** to ensure stable supply of electricity and fiber services in our region. In addition, the Group is a key contributor to the green transition,

both when it applies electrification, but also within energy efficiency. Development and operation of hydropower plants as well as construction and operation of distribution networks involves intervention in nature. Haugaland Kraft is concerned with limiting the negative environmental consequences and focus on sustainability in the Group's operations.

The Group has **four focus areas** within sustainability, which were identified through a materiality analysis in 2020:

Focus area	Description
1. Clean energy and a smarter society	<ul style="list-style-type: none"> • We contribute to increased electrification of our region. • We are still betting on hydropower. • We are increasing our investment in solar cells. • We develop smart solutions for the city and its citizens.
2. Responsible production and reduced footprint	<ul style="list-style-type: none"> • We must ensure a stable supply of electricity and fiber in our region. • We have installed solar panels on our own buildings. • We are switching to electric company cars. • We must ensure sustainability in our value chain.
3. Solid and trusted partner in our region	<ul style="list-style-type: none"> • We must ensure profitable operations and dividends to the municipalities that own us. • We will be a solid apprentice company. • We will collaborate with local businesses and non-profit groups and organizations.
4. Safe and value-creating corporate culture	<ul style="list-style-type: none"> • We must ensure that our own employees feel secure in their jobs. • We will engage our employees in the sustainability work. • We oppose alienation and discrimination.

Sustainability governance

The Group's sustainability work is led by the Sustainability Manager and is organized to include a **sustainability forum** where those responsible for sustainability from the different Group companies, HR, strategy, communication and property are represented. This sustainability forum is the Group's coordinating body for sustainability work and joint efforts on sustainability across the Group companies. The forum has great value and is necessary for preparing the organization to meet the rapidly increasing demands related to companies' sustainability work and reporting from authorities, financial institutions, insurance companies, customers and owners. The sustainability forum's purpose is to ensure high quality, continuous progress, good cooperation and efficient use of resources.

Procurement policies

Haugaland Kraft is focused on taking social responsibility and for our procurement activities, this means that we have a strong focus on business ethics, local procurement and sustainability.

Each year the Group procures equipment and services for a significant amount, such as various professional services, construction work, IT services, electrical equipment, instruments, installation services, telecom equipment, various vehicles, etc.

We have adopted a procurement strategy that emphasizes cost-effectiveness, correct coverage of needs, sustainability, local purchases, innovation and efficient procurement processes.

The **ethical guidelines** are based on the Group's values and specifies what is expected of the Board, employees and hired personnel in various contexts. The ethical responsibility comes with the fact that Haugaland Kraft is an important player in the local community and must act with particular care, and care for the environment in all types of work operations we conduct with giving high priority to HSE. The ethical guidelines also state zero-tolerance to all forms of corruption. In the event of a suspected breach of the ethical guidelines, there are routines for notification.

As a contractor and purchaser, we are concerned with high business ethics, good tendering practices and regulatory compliance. Our power distribution company Fagne is subject to the regulations for public procurement (the Procurement Act).

We are concerned with equal treatment of suppliers, competition and verifiable processes. Therefore, we expect all our suppliers to accept and sign our "Code of Conduct for Suppliers" form.

In line with requirements under the Transparency Act, we have published a due diligence assessment report on our website.

Sustainability reporting

Haugaland Kraft is **eco-lighthouse certified** (“Miljøfyrtårn”), which sets requirements for quality of systems and follow-up of areas like the working environment, procurement, energy use, transport, waste and reuse, biodiversity, land use and aesthetics.

At Haugaland Kraft we work consciously to ensure that we are a company with a focus on minimizing our impacts on the external environment, have an environmental policy and are perceived as environmentally conscious in the market and society at large. As part of being eco-lighthouse certified, we publish an annual GHG emission report on scope 1 and 2 and partial scope 3.

We have a **zero vision for unwanted incidents** linked to the external environment and we have an environmental report that forms the basis for systematic and targeted

work to reduce and prevent our impacts on the external environment.

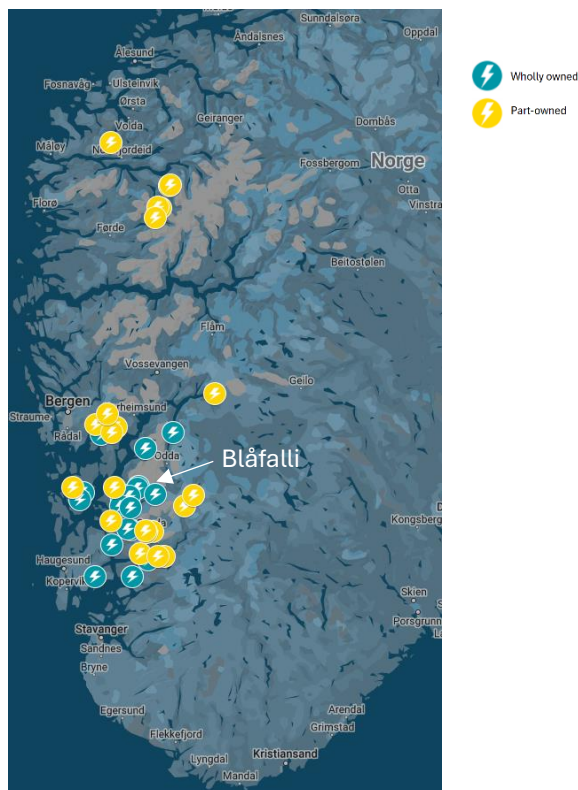
Haugaland Kraft is currently working to update the materiality analysis from 2020, which will be expanded to a **double materiality analysis**. It will ensure that Haugaland Kraft continues to focus on the sustainability issues that are most important to the Group. In the new analysis, Haugaland Kraft looks at how the Group affects society and the environment around it and how external conditions affect the Group, as well which opportunities and risks are linked to these the conditions. The identified topics will set the stage for Haugaland Kraft's sustainability reports in the coming years, also in accordance with the new Corporate Sustainability Reporting Directive (CSRD), to the extent required for the Group to comply with.



This is SKL

Hydropower production is and has always been SKL's most important activity. With its head office at Stord and 67 employees, SKL currently operates a total of 21 wholly owned power stations.

Furthermore, SKL is a part owner in the large “Ulla Førre” and “Sima” hydropower plants as well as in 18 small-scale hydropower plants of varying sizes.



Total capacity of SKL's ownership in these powerplants is 635 MW and normal annual production at around 2,500.

With an installed capacity of 235 MW and an average annual production of 840 GWh **Blådalsvassdraget (Blåfalli)** represents 60% of SKL's hydropower production. In the area

where Blåfalli is located, around 30% of the area is covered by the Folgefonna glacier, which has a leveling effect on the inflow of water to enable high production also in years with little rainfall. SKL has worked actively over many years to increase production from Blåfalli.

Investments in small-scale hydropower plants is important for SKL, both alone and in collaboration with other energy companies in the region. Several power plants are completed and in operation, others are under construction, and some have received (or waiting to receive) a construction license.

Through **Nydalselva AS**, SKL collaborates with Sognekraft¹ in several small-scale hydropower projects in Sogn og Fjordane county.

In 2003, SKL became a 15% owner in **Aktiselskabet Saudefaldene**. With this investment, Elkem and SKL continued and strengthened their long collaboration for the upgrade and development of the power plant in Sauda.

In September 2024, SKL acquired **Midtfjellet Vindkraft AS** from German investor Aquila Capital. The company owns the wind farm at Midtfjellet in Fitjar municipality, 75 km north of Haugesund. The wind farm consists of 55 turbines developed in three phases between 2013 and 2018. The total capacity is 150 MW, and the annual production is approximately 430 GWh.

¹ [Kraftverk — Sognekraft](#)

Sustainability at SKL

SKL's most important contribution is to produce renewable energy, and the company aims to increase energy production by further developing existing facilities and invest in new projects, which Norway and the world need.

SKL aims to position itself as a future-oriented company by ensuring a sustainable development of our hydropower production. We will do this by protecting our shared natural heritage and meeting today's energy needs without compromising the opportunities for future generations.

We recognize that despite the benefits of renewable power generation, the





development of new projects also has negative footprints. SKL's most important contribution is to extract renewable energy with the lowest possible negative footprint.

To avoid negative consequences for fish stocks, biodiversity, and landscapes in the areas we are developing, we have hired a biologist who evaluates all our new projects. By having our own resource in this area, we will be better able to adapt our development and formulate applications related to development of new projects, ensuring that this aligns with our desire to leave as little footprint in nature as possible.



SKL's sustainability objectives

SKL has adopted **four of UN's Sustainability Development Goals (SDGs)** to define its sustainability objectives:

UN SDG	Our goals	How to achieve this
	<p>Operate and develop hydropower plants and produce environmentally friendly energy</p>	<ul style="list-style-type: none"> By 2030, increase annual production to 4 TWh by increasing production in own facilities, develop new and purchase existing hydropower-plants, and develop onshore wind-parks
	<p>Consider ecosystems and natural diversity in planning, construction and operation of our facilities</p> <p>Practice responsible and sustainable land use</p> <p>Contribute to enhance competence and increase cooperation</p>	<ul style="list-style-type: none"> Ensure biodiversity and avoid weakening ecological condition of developed waterways Ensure two-way fish migration (where relevant) Reuse of tipping compound (where relevant) Minimize use of land by using solutions which require less land use Practice good terrain design and avoid fragmentation Minimize pollution from sound and light, as well as other forms of pollution Participate in relevant forums and advisory boards
	<p>SKL must reduce emissions in all our activities</p>	<ul style="list-style-type: none"> By 2030, we will reduce greenhouse gas emissions by 55% for scope 1 (transport) and scope 2 (electricity) compared to 2020, and buy climate credits and guarantees of origin for the remainder 45%. Scope 3: In all projects, SKL shall identify the potential for reducing greenhouse gas emissions, in a lifetime perspective. SKL helps to reduce the extent of damage caused by floods. SKL sets up preparedness routines, monitors the waterways, informs municipalities etc. and implements flood prevention measures
	<p>SKL shall ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> Report on sustainability, with the aim to commence reporting in accordance with the EU directive CSRD in 2026 for the financial year 2025 Minimize and sort waste in operation and projects, and prepare waste accounts report Increase internal competence and commitment Annually inform various stakeholders about renewable energy and SKL's sustainability efforts



GREEN FINANCING AT HAUGALAND KRAFT AND SKL

This Green Financing Framework (the “Framework”) enables both parent companies at Haugaland Kraft and SKL respectively to issue Green Bonds and Green Loans (collectively referred to as “Green Financing Instruments”) to finance investments made by a group company in renewable energy, infrastructure and other initiatives enabling the transition to a low-carbon and climate-resilient society.

This Green Financing Framework is aligned with the ICMA Green Bond Principles (“ICMA GBPs”) published in June 2022² and the LMA/LSTA Green Loan Principles (“LMA GLPs”) published in February 2023³, and has been prepared in cooperation with DNB Markets.

1. Use of proceeds

An amount equal to the net proceeds from Green Financing Instruments issued under this Green Financing Framework will be earmarked to finance a portfolio of assets and projects, in whole or in part, which have clear environmental benefits.

Only such assets and projects that comply with the list of Green Projects below are

The Framework defines criteria for which assets and projects that can be financed by Green Financing Instruments (“Green Projects”), and it also outlines the process to evaluate, select, track and report on such investments.

Each Green Finance Instrument issued under this Framework should in their relevant transaction documentation refer to this Green Financing Framework. If Haugaland Kraft and SKL decides to replace this Framework with a new and updated Framework, new versions of the Framework shall have no implications for any outstanding Green Financing Instruments issued under this version of the Framework⁴.

deemed eligible to be financed by Green Financing Instruments.

Net proceeds from Green Financing Instruments can be used for the financing of capital expenditures (“CAPEX”) related to new assets and projects which are not yet in operation at the date of the issuance of a Green Financing Instrument, and/or for refinancing of existing Green Projects, as well

² [*Green-Bond-Principles-June-2022-060623.pdf \(icmagroup.org\)](https://www.icmagroup.org/~/media/2022/06/0623/Green-Bond-Principles-June-2022-060623.pdf)

³ [Green Loan Principles 23 February 2023.pdf \(lma.eu.com\)](https://www.lma.eu.com/~/media/2023/02/23/LMA-LSTA-Green-Loan-Principles-23-February-2023.pdf)

⁴ The Green Finance Report as per section 4 below will include all Green Bonds issued under any version of the Green Bond Framework.

as existing debt instruments financing Green Projects.

Green Financing Instruments can also finance and/or refinance acquisitions of Green Projects or investments in share capital of companies and partnerships⁵, where at least 90% of such companies' balance sheet can be attributed to a Green Project⁶. The use of proceeds should be directly linked to the book value of the eligible assets owned by the company acquired. We will adjusted for the share of equity acquired, however include 100% of any financing which we as a majority owner may have provided to such acquired Green Projects or companies.

Alignment with relevant standards and guidelines

Our aim is to meet best market practice by adhering to relevant standards and guidelines in the green finance market, therefore eligible Green Projects has been mapped against the

EU Taxonomy

The references to the EU Taxonomy on the relevant environmentally sustainable economic activities included therein. In essence, such activities should make a substantial contribution to the achievement of one or several of EU's six overarching environmental objectives, do no significant harm to the achievement of any of the other

Green Financing Instruments issued under this Framework may also finance and refinance operating expenditures ("OPEX") related to a Green Project, subject to a look-back period of maximum three years.

For the avoidance of doubt, Green Financing Instruments will not be used to finance investments linked to fossil energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction, gambling or tobacco.

different categories of the ICMA GBPs/LMA GLPs and the relevant activities included in the EU Taxonomy for environmentally sustainable economic activities.

environmental objectives, and meet minimum social safeguards.

We believe the Green Projects financed under this Framework align well with the metrics and thresholds of the EU Taxonomy and have the potential to make a substantial contribution to EU's environmental objective of "Climate Change Mitigation".

⁵ In partnerships where Haugaland Kraft/SKL is not the majority shareholder, Haugaland Kraft/SKL will seek to maintain control related to change of business, typically by requiring unanimity for amendments to the partnership's articles of association.

⁶ If ceasing to meet this threshold it will be replaced by another qualifying Green Project according to section 3. Management of proceeds below.

Eligible Green Projects

ICMA GBP category	Green Project criteria	EU Taxonomy activity
Renewable Energy	Investments and expenditures for the development, construction, installation, operation, improvement, repair and maintenance of facilities and necessary infrastructure related to generation of renewable energy: <ul style="list-style-type: none"> • Hydropower, subject to (i) power density is above 5W/m² or (ii) life-cycle emissions is below 100 g CO₂e/kWh (iii) or the facility is run-of-river without artificial reservoirs • Solar power using photovoltaic technology • Wind power (onshore and offshore) 	Electricity generation from hydropower Electricity generation using solar PV Electricity generation from wind power
Renewable Energy / Energy Efficiency	Investments and expenditures for the development, construction, installation, operation, improvement, repair and maintenance of infrastructure related to: <ul style="list-style-type: none"> • Power grids for transmission and distribution of electricity • Smart grid solutions and smart meters, as well as other monitoring systems aimed at enabling reduction of energy consumption • Manufacture and/or application of batteries for intermediate storage of electricity 	Transmission and distribution of electricity Manufacture of batteries
Renewable Energy	Investments and expenditures for the development, construction, installation, operation, improvement, repair and maintenance of facilities and necessary infrastructure related to production of green hydrogen	Manufacture of hydrogen
Pollution prevention and control	Investments and expenditures for the development, construction, installation, operation, improvement, repair and maintenance of infrastructure related to providing shore-side electrical power to vessels at berth	Infrastructure enabling low-carbon water transport
Green Buildings	Investments and expenditures for the development, construction, installation, operation, improvement, repair and maintenance of commercial buildings which meet the following criteria: <ul style="list-style-type: none"> • For buildings built in 2021 and later: <ul style="list-style-type: none"> ○ Primary energy demand is min. 10% lower than the nearly zero-energy building (NZEB) requirement in Norway; or ○ Certified BREEAM-NOR “Excellent” or better; or ○ Energy performance certificate (EPC) A • For buildings built before 2021: <ul style="list-style-type: none"> ○ Certified BREEAM-NOR “Excellent” or better; or ○ Energy performance certificate (EPC) A or B 	Construction of new buildings Acquisition and ownership of buildings

2. Process for selection and evaluation

Only such assets and projects that comply with the list of Green Projects defined in the Use of Proceeds section of this Framework are eligible to be financed with Green Financing Instruments.

To ensure the transparency and accountability around the selection of Green Projects, Haugaland Kraft and SKL has established an internal Green Finance Committee, being responsible for the evaluation and selection process of eligible Green Projects.

The joint Green Finance Committee at Haugaland Kraft and at SKL consists of members from the finance, development and sustainability teams in Haugaland Kraft, and all decisions will be made in consensus.

Each of Haugaland Kraft and SKL have an established formal process to approve all large investments. This requires both project economic analysis and assessments of all relevant risks. The risk assessment divides risks in different categories, including but not limited to environmental and social risks. These risks are evaluated with regards to probability and consequence.

The Green Finance Committee will keep a register of all Green Projects, and to ensure traceability, all decisions made by the committee will be documented and filed.

The Green Finance Committee holds the right to exclude any Green Project already funded by Green Financing Instruments, which is further described below under Management of Proceeds. The Green Finance Committee is also in charge of potential future oversight and updates of this Framework.

3. Management of proceeds

An amount equal to the net proceeds from issued Green Financing Instruments will be earmarked for financing and refinancing of Green Projects as defined in this Green Financing Framework.

The finance departments of Haugaland Kraft and SKL respectively will endeavour to ensure that the value of Green Projects at all times exceed the total nominal amount of Green Financing Instruments outstanding.

If a Green Project already funded by Green Financing Instruments is sold, or for other

reasons loses its eligibility in line with the criteria in this Framework, it will be replaced by another qualifying Green Project.

Net proceeds from Green Financing Instruments awaiting allocation to Green Projects will be managed according to Haugaland Kraft's and SKL's respective liquidity management policy and may be invested in short-term money market instruments or held as cash. To the extent possible, the exclusions listed in the Use of Proceeds section of this Framework also apply.

4. Reporting

To enable investors, lenders and other stakeholders to follow the development of the Green Projects funded by Green Financing Instruments, a joint Green Finance Report will be made available on both Haugaland Kraft's and SKL's websites.

The Green Finance Report will include an Allocation Report and an Impact Report and be published annually as long as there are Green Financing Instruments outstanding.

Allocation Report

The allocation report will include the following information:

- Amounts invested in each of the Green Project categories defined in this Green Financing Framework and the share of new financing versus refinancing.
- Examples of Green Projects that have been funded by Green Financing Instruments.
- The nominal amount of Green Financing Instruments outstanding, per issuer, divided into Green Bonds and Green Loans.
- The amount of net proceeds awaiting allocation to Green Projects (if any).

Impact Report

The impact report aims to disclose the environmental impact of the Green Projects financed under this Framework.

Impact reporting will be aligned with the portfolio approach described in ICMA's "Handbook – Harmonized Framework for Impact Reporting" (June 2024).

Impact reporting will be aggregated for each Green Project category and, depending on data availability, calculations will be made on a best intention basis with transparency of the assumptions being applied.

The impact assessment may, where applicable, be based on the metrics listed below:

Green Project category	Metric
Renewable Energy	<ul style="list-style-type: none"> • Installed energy generation capacity from renewable energy sources (MW) • Estimated annual energy generation from renewable energy sources (MWh) • Installed transmission and distribution lines/capacity (km and MW) • Estimated annual avoidance of GHG emissions compared to baseline⁷ (tonnes of CO₂e)
Energy Efficiency	<ul style="list-style-type: none"> • Installed smart grids, smart meters and other forms of energy monitoring systems (#)
Green Hydrogen	<ul style="list-style-type: none"> • Installed hydrogen production capacity (tonnes per year)
Pollution Prevention & Control	<ul style="list-style-type: none"> • Number and capacity of shore-side charging stations for vessels at berth (#, MW) • Estimated annual avoidance of GHG emissions compared to baseline (tonnes of CO₂e)
Green Buildings	<ul style="list-style-type: none"> • Estimated energy use per m² vs. baseline (average for buildings of similar size) • Estimated annual avoidance of GHG emissions compared to baseline (tonnes of CO₂e)

⁷ The baseline will apply the grid factor used in the NPSI's Position Paper on Green Bonds Impact Reporting ([NPSI Position Paper on Green Bonds Impact Reporting 2024](#))

EXTERNAL REVIEW

Pre-issue verification

Haugaland Kraft and SKL have engaged S&P Global Ratings to provide a Second-Party Opinion to confirm the alignment with the current versions of ICMA's Green Bond Principles and the LMA/LSTA's Green Loan Principles.

The Second-Party Opinion will be made available on our website together with this Green Financing Framework.

Post-issue verification

Haugaland Kraft and SKL will appoint an independent, qualified auditor to provide a limited assurance report confirming that an

amount equal to the net proceeds from issued Green Financing Instruments have been allocated to finance Green Projects.

