


NBT Green Finance Framework Addendum to NBT's ESG Framework			
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NBT's Green Finance Framework –

April 2021 Introduction

NBT develops, constructs and operates large-scale wind farms in high growth markets. The company is headquartered in Oslo and has offices in Stockholm, Beijing and Kyiv. With a world-class focus on sustainability, our goal is to combine delivery of attractive financial returns to our investors with a net positive impact to our wider stakeholder network. NBT operates against the highest international ESG standards and represents an international team with extensive market insight and network to identify attractive investment opportunities.

The NBT Green Finance Framework

The Green Finance Framework aims to enhance transparency and disclosure of NBT's activities, enabling existing and potential investors to better assess the green eligibility of our projects and make more informed investment decisions.

"The Green Bond Principles (GBP), formulated by the International Capital Market Association (ICMA), are voluntary process guidelines that recommend transparency and disclosure, and promote integrity in the development of the Green Bond market".

The Green Finance Framework is an addendum to NBT's ESG Framework and creates a bridge to align with the [ICMA Green Bond Principles](#) - last updated in 2018 - and the [LMA Green Loan Principles](#). The Framework is applicable for issuance of Green Finance Instruments including Green bonds, Green loans and other types of debt instruments where net proceeds will be applied to finance or re-finance, in part or in full, new and/or existing projects and assets with clear environmental benefits, as defined in this Framework.

NBT issued its first Green bond in 2019 to finance the investment in its Syvash wind farm through its subsidiary East Renewable AB. With the near completion of this project and the start of construction of Zophia windfarm, NBT has chosen to establish a new Green Financing Framework (the "Framework"), enabling the Company to finance its further contribution towards a low-carbon and climate resilient future.

This Green Finance Framework covers the four recommended components of the ICMA Green Bond Principles 2018 and the Green Loan Principles 2018:

1. Use of Proceeds
2. Process for Project/Asset Evaluation and Selection
3. Management of Proceeds and
4. Reporting.

This Framework is being reviewed by an independent firm, which has provided a second party opinion to confirm its alignment with the Green Bond Principles. The robustness of NBT's framework is validated by CICERO, the Norwegian Centre for International Climate and Environmental Research.

1. Use of Proceeds

Green Eligible Assets

'Green Eligible Assets' is defined by the ICMA Green Bond Principles as "investments that promote the green energy transition, such as direct investments in renewable energy sources". At the core, it is imperative that the use of proceeds (associated funds) are utilized to finance or re-finance green projects. The Green Bond Principles explicitly define the eligible categories under which projects can be labelled green. These projects should contribute to environmental objectives such as: climate change mitigation, natural resource conservation and pollution prevention and control. In NBT's case, direct investments in renewable energy are the very core of our activities.

Eligible green assets may also include *acquisitions* of abovementioned projects as well as investments in share capital of companies with such assets, where NBT has significant operational influence and where the use of proceeds should be directly linked to the book value of the Green Eligible Assets owned by the acquired company, adjusted for the share of equity acquired.

EU Taxonomy alignment

NBT is keeping a close eye on the establishment of an EU Green Bond Standard (EU GBS) and its regulatory technical standards (RTS), which is building on the EU Taxonomy with a classification system for sustainable economic activities. NBT aims to comply with this GBS which entails the alignment of 'use of proceeds' with the Taxonomy. Although the EU Taxonomy is currently still in the process of being developed, NBT wants to benchmark its relevance and impact for our current and future operations.

The independent second opinion provider Cicero Shades of Green included an EU Taxonomy screening when validating the NBT ESG and Green Financing Framework. The outcome of that screening will be implemented through an action plan to make NBT fully compliant with the EU taxonomy guidelines through its ESG Framework. Our Green Finance Framework will be updated where and when necessary to meet those requirements.

2. Process for project evaluation & selection

NBT aims to clearly communicate the environmental sustainability of its projects to their investors. A high level of transparency of NBT's overall objectives, strategy and policy will be given through the annual report which includes ESG and impact information. This report also includes the environmental objectives of our projects, while the process by which NBT determines the green eligibility of a project is found in this framework, below. The process to manage potential material, environmental or associated social risks is defined in our Environmental and Social Management System.

Wind and solar projects enable people to reduce their dependency on traditional resources such as gas, oil and coal, which is conducive to the global fight against climate change.

NBT develops, operates and owns renewable energy projects in high growth economies. The company will not undertake activities in other sectors, and the use of proceeds - eg through green finance instruments - will exclusively be used for renewable energy projects.

Eligible projects to be financed with proceeds from NBT's Green Bonds will be evaluated, selected and prioritized by NBT's ESG department in cooperation with the finance

department at NBT. Prioritized projects will be presented to NBT's Sustainability Committee – a sub-committee to NBT's Board - for final approval of allocation of Green Bond proceeds. NBT's Sustainability Committee consists of representatives from NBT's ESG and finance departments and is chaired by the CFO of NBT.

Proceeds from the green financing instruments will be used exclusively for projects that meet the criteria specified below, and that are evaluated to deliver long-term positive net environmental effects.

3. Management of proceeds:

This Green Finance Framework applies to all NBT's corporate activities. Green Finance can be used for any (green) project, while NBT's finance department will manage the net proceeds from any green finance instrument. In specific cases NBT will raise a 'project Green Bond'; the proceeds are then solely and entirely used for that specific project.

For the corporate Green Bond ('Green Bonds'), an amount equal to the net proceeds will be credited to a separate ('Green Account') that will support and document NBT's green financing of eligible projects. As long as NBT has any Green Bonds outstanding and the Green Account has a positive balance, funds will, on an annual basis, be allocated from the Green Account to NBT's green project portfolio in respect of financing and/ or refinancing of eligible projects as approved by NBT's Sustainability Committee.

Until all net proceeds from Green Bonds have been allocated to eligible projects, the balance of the Green Account will be included in NBT's liquidity reserve and managed in accordance with our cash management policies and investment mandates.

Exclusions

NBT will – as stipulated under 2 – focus on renewable energy investments and stay away from investing in any of the following sectors: oil, gas and mining, nuclear energy generation, weapons and defense industries, potentially environmentally negative resource extraction, gambling or tobacco.

4. Reporting:

Reporting is an integral part of NBT's Green Bond Framework, aiming to provide full transparency to investors, lenders and other stakeholders on the use of the green bond's proceeds and their impacts. These will be communicated in an annual report where the list of green projects is specified, a brief description of the projects is provided, and the respective allocations stipulated.

NBT will make and keep up to date information on the use of proceeds available, which will be renewed annually until full allocation. It will also be communicated on a timely basis in case of material developments. The annual report will include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact (see below under 'Impact reporting').

NBT's broader ESG reporting will show the summary of our main activities and the ESG challenges we faced. It uncovers the progress we've made with regards to environmental, social and governance challenges and their E&S Action (mitigation) Plans over the last period. This also includes our achievements in contributing to the Sustainable Development Goals – including avoided CO2 emissions through carbon accounting - and benchmarking our ESG policy, hence closing the loop.



To address climate risk and our climate action, NBT will implement climate risk disclosures in 2021, aligned with the recommendations of the Task Force for Climate Related Financial Disclosures ("TCFD").

Allocation

Regarding the allocation of proceeds from the green bond the following will be reported annually:

- A list of the eligible projects financed, including allocated amounts
- Descriptions of the projects including location
- Information about the allocation of proceeds between new projects and

refinancing and any unallocated balance standing to the credit of the Green Account

- Balance of the Green Account

Impact reporting

Beyond reporting on the use of proceeds of the green bond(s), NBT is keen to report the results of its efforts to create development impact. The following indicators are tracked and reported on in the annual report:

- Power related (#SDG7 and #SDG13):
 - Total capacity of renewable energy production (MW)
 - Number of households potentially powered by renewable energy
 - Incremental share of the energy grid that will be sourced by renewable energy (%)
 - Annual renewable energy generation (MWh)
 - Annual greenhouse gas emissions avoided (tonnes CO₂e)
 - Capacity of renewable energy transmission systems (MW)
- Jobs (#SDG 8):
 - Number and types jobs (to be) created in the construction and operational phase
 - (International) Standards considered for job quality
 - Certifications (ISO 45001/SA8001) where applicable
- Diversity (#SDG 8):
 - % of female hires (in management/other positions)
- Capacity Development (#SDG 8):
 - Novel technology being brought into the country, as on (resource/energy) efficiencies
 - Inputs realized related to training and capacity building

NBT is in the process of developing a Human Rights policy and a Gender diversity policy, which will be part of the reporting framework, latest in 2022. An independent ESG rating will be obtained from an internationally recognized agency: likely '[Sustainalytics](#)' will be asked to do so in the course of 2021.

External Review

To confirm the transparency and robustness of NBT's ESG and Green Finance Framework, it is verified and approved by an external second party opinion provider. The second party opinion by *CICERO Shades of Green* is available on NBT's website, together with this ESG Framework.

Allocation of proceeds will be subject to an annual review by an external party/verifier. A verification report provided by such an external party will be published on the Company's website.