



Green Finance Framework

August 2026



Together for an electric Northern Norway

Arva AS is the largest distribution system operator (DSO) in Northern Norway, responsible for operating, maintaining, and developing the regional and distribution grid across large parts of Nordland and Troms. The company is part of the Troms Kraft Group, with Troms Kraft as the majority owner, ensuring strong public ownership and regional anchoring. Arva's head office is in Bodø.

Arva operates within a regulated monopoly framework and holds the area concession for electricity distribution in 19 municipalities. The company serves approximately 125,000 customers and manages more than 16,000 kilometres of power lines, delivering a high level of supply reliability.

Core operations include the operation and monitoring of the electricity grid, maintenance and modernization of infrastructure, and investments in new and upgraded capacity to meet increasing demand. Arva is also responsible for connecting new customers and facilitating the integration of renewable energy and electrification across the region. These activities are delivered through a flexible operating model combining internal resources and external contractors.

Arva plays a key role in enabling electrification and regional development in Northern Norway. The company is committed to delivering a secure and efficient power supply while reducing environmental impact and supporting the transition to a low-carbon society. Arva is proud to have provided secure power supply in Nordland and Troms for more than 100 years and aims at keeping its local values and culture.

Sustainability at Arva

Arva is an integral part of the core infrastructure of the energy system. This role entails an ongoing responsibility to manage impacts on climate, nature, and society, making sustainability a fundamental component of our operations.

Sustainability in the energy transition

Electrification and the transition to a low-emission society depend on access to stable, renewable energy delivered through a robust and resilient power grid. At the same time, expectations are increasing with regards to operational efficiency, resource utilization, and the management of risks related to climate change, environmental impact, and security of supply.

These responsibilities also encompass health, safety, and environmental performance, decent working conditions, and the protection of human rights within our own operations and across the value chain. For Arva, sustainability is therefore both about contributing to emissions reductions in society and ensuring long-term operational resilience and stakeholder trust.

Regulatory context and market developments

During the period 2023–2025, corporate sustainability efforts were largely driven by anticipated regulatory requirements, including the EU Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, and the Corporate Sustainability Due Diligence Directive (CSDDD). This resulted in a high pace of development, with a strong focus on establishing governance structures, data foundations, and processes to support compliance.

However, evolving framework conditions – both at the EU level and in Norwegian implementation – have introduced increased uncertainty regarding the scope and timing of these regulations for large parts of the business sector, including Arva and the Troms Kraft Group. At present, sustainability work from a regulatory perspective is primarily anchored in selected national requirements, such as Norway's Transparency Act and obligations related to climate and environmental considerations in procurement. Sustainability reporting is currently conducted on a voluntary basis.

Strategic prioritization in a more uncertain environment

Increased regulatory uncertainty implies that sustainability efforts must, to a greater extent, be guided by the company's own strategic priorities, risk assessments, and operational needs.

At the same time, energy security, emergency preparedness, and reliability of supply have gained increased attention due to geopolitical developments, placing clearer expectations on the operation and development of critical infrastructure.

Forward-looking approach and industry cooperation

Going forward, Arva's sustainability efforts will remain closely integrated with the continuous development and improvement of day-to-day operations. This includes prioritizing initiatives that can be implemented within the existing business and that contribute to reduced environmental impact, as well as safe and reliable operations.

Such initiatives are often carried out in collaboration with other power grid companies. Through this approach, Arva contributes to the responsible development of the energy system while maintaining financial sustainability and long-term stakeholder trust.



Green Financing Framework

Arva's Green Financing Framework ("the Framework") is developed to be utilised by Arva AS.

The Framework has been developed as part of our continued commitment to integrate sustainability across the business. The Framework is structured in alignment with both the ICMA Green Bond Principles (GBP) 2025, as well as the 2025 LMA and APLMA Green Loan Principles (GLP). These principles provide voluntary guidelines to support issuers in financing environmentally sound and sustainable projects, while providing transparency and insight into their estimated impact. In alignment with the GBP and GLP, the Framework consists of the four key components and recommended External Review.

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

It is Arva's intention to follow best practices, in relation to Green Bonds and Loans, as the market standards develop. Therefore, this Green Financing Framework utilizes the EU Taxonomy while developing the eligibility criteria.

Arva may complement its Green Finance Instruments issued in the capital markets with Green Loans from lending institutions. Such loans may be funded by the lenders through their own Green Bond issuances. Arva will report the outstanding amount of Green Loans and the associated Eligible Projects in the Green Finance Investor Report, on a project-specific or portfolio basis.

Exclusions

Green Finance Instruments will not be allocated to projects with a potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels). In addition, infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 g CO₂e/kWh measured on a life cycle basis is also excluded.

1. Use of Proceeds

The net proceeds of the Green Bonds issued, or Green Loans obtained by Arva will be used exclusively to finance or refinance Eligible Projects that have been evaluated and selected in accordance with this Green Financing Framework.

Financing and Refinancing

Arva can finance new Eligible Green Assets and Projects and refinance existing Eligible Green Assets and Projects under this Framework. Net proceeds raised from Green Debt Instruments will be allocated to finance and refinance Eligible Green Assets and Projects as determined by each Green Finance Committee in accordance with this Green Financing Framework.

Financing is defined as Eligible Green Assets and Projects that were reported as an investment or expenditure up to 18 months before the approval by the Green Finance Committee. Refinancing is defined as Eligible Green Assets and Projects that were reported as an investment or expenditure more than 18 months before the approval in the Green Finance Committee with a look-back period beyond 36 months as long as they provide clear environmental benefits. Operational expenses shall, however, only qualify with a maximum 36 months look back period from the issuance year. The distribution between financing and refinancing will be reported on in a report (the “Green Finance Report”), when investments take place over several years the total investment might not be fully reported at once.

Eligible Green Assets and Projects are reviewed annually and will qualify for financing or refinancing subject to meeting the Eligibility Criteria below at the time of allocation of proceeds. Arva intends to allocate the proceeds from Green Debt Instruments at the earliest convenience and to the extent possible reach full allocation within 12 months. Information about the split between financed and refinanced assets will be included in the Green Finance Report.

Categories and contribution	Eligible Projects	UN SDGs
Energy Efficiency	Acquisition, construction, development, expansion, maintenance and upgrading of grid investments. This could include, but is not limited to:	 Ensure access to affordable, reliable, sustainable and modern energy for all
	Transmission and distribution of electricity Financing of transmission of electricity on extra high-voltage and high-voltage interconnected system and high-voltage, medium-voltage and low-voltage distribution systems aligned with one of the following scenarios:	 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
	- the system is the interconnected European system - more than 67 % of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO₂e/kWh or, - the average grid emissions are below the threshold value of 100 gCO₂e/kWh.	 Make cities and human settlements inclusive, safe, resilient and sustainable
		 Take urgent action to combat climate change and its impacts
Climate change mitigation		

2. Selection and evaluation of eligible projects

Arva has established a Green Finance Committee (GFC) to evaluate and select assets that are in line with the criteria set out in the use of proceeds section. The committee meet at least on an annual basis or when needed. The Green Finance Committee are comprised of representatives from treasury departments and relevant business units, including participation from the relevant environmental specialists in the organization, where the sustainability representative has veto.

The Green Finance Committee is responsible for:

Evaluating the compliance of proposed assets with the eligibility criteria outlined in the Use of Proceeds section above.

Ensuring that the pool of Eligible Projects is aligned with the categories and criteria as specified in the Use of Proceeds section.

Replacing investments that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.)

On a best effort basis, reviewing and updating the content of the Green Finance Framework and managing any future updates of this document to reflect relevant changes in the company's corporate strategy, technology and market developments.

When selecting projects, Arva identifies and manages perceived social and environmental risks related to the projects through the principles in the Guidelines for Ethical Business Conduct approved by the group Board of Directors.



3. Management of proceeds

Arva has established Green Financing Registers to monitor Eligible Projects financed by the Green Bonds and Loans, as well as to provide an overview of the allocation of the net proceeds from the Green Bonds and Loans issued to the respective Eligible Projects. The value of the Eligible Projects detailed in the Green Financing Registers will at least equal the aggregate net proceeds of all outstanding Arva Green Bonds and Loans. For the avoidance of doubt, a loan facility cannot be labelled as green if it includes any non-green tranche, the green label applies only if the full facility is aligned to the four core components of the GLP. There may be periods when the total outstanding net proceeds of Green Bonds and Loans exceeds the value of the Eligible Projects in the Green Financing Registers. Proceeds yet to be allocated towards Eligible Projects will be held and managed in accordance with Arva's liquidity management policies. The Green Financing Registers will form the basis for the impact reporting.

4. Reporting

To enable investors to follow the development and improve transparency on projects financed, Arva will provide Green Financing Reports on an annual basis containing information on the allocation and impact of the securities issued under this framework. Arva intends to report on quantitative impact indicators where feasible and where relevant data is available. The Green Financing Reports will include the two following reports:

Allocation Reporting

1. A description of financed Eligible Assets;
2. Type of financing instruments utilized and respective outstanding amounts;
3. Information on the split between new financing and re-financing;
4. A list of Eligible Projects including the amounts allocated, including allocated and disbursed amounts per category

Impact Reporting

The impact reporting aims to disclose the environmental impact of the Eligible Projects financed under this Framework, based on Arva's financing share of each project. As Arva can finance large and small Eligible Projects in the same project category, impact reporting will, to some extent, be aggregated.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be based on best available data and reasonable assumptions. The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

GBP Categories	Examples of impact indicators
Energy efficiency	• CO₂ avoided (GWh x combined margin emission factor) • Yearly distributed GWh • Expected efficiency gains achieved for the same output/service in energy efficiency projects

5. External Review

Second party opinion (pre-issuance)

Arva has engaged S&P Global Ratings to act as an external verifier of this Green Financing Framework and the Eligible Projects to secure alignment with national and international guidelines.

Post issuance review

Arva has appointed an external independent auditor to annually assure that the selection process for the financing of Eligible Projects and that the allocation of the net proceeds of the Green Financing is done in accordance with Arva's Green Financing Framework.

Publicly Available Documents

The Green Financing Framework, the second party opinion, the third-party review, and the Green Financing Investor Letters will be publicly available on Arva's website.

