

# Lyse – Green Bonds Framework

20 December, 2016

## **EARMARKED ACCOUNT**

An amount equal to the net proceeds of the issue of the Notes will be credited to a special account that will support Lyse's lending for Eligible Projects. As long as the Notes are outstanding and the special account has a positive balance, at the end of every fiscal quarter, funds will be deducted from the special account and added to Lyse's lending pool in an amount equal to all disbursements from that pool made during such quarter in respect of Eligible Projects. Until disbursement to Eligible Projects, the special account balance will be placed in liquidity reserves.

## **ELIGIBLE PROJECTS**

**“Eligible Projects”** means a selected pool of projects in Norway funded, in whole or in part, by Lyse that promote the transition to low carbon and climate resilient growth and as determined by Lyse.

Eligible Projects include projects that target mitigation of climate change, including investments in low-carbon and clean technologies, such as renewable energy programs and energy efficiency.

Eligible Projects:

- Renewable energy such as hydro, solar, wind and related infrastructure

Lyse will not finance nuclear or fossil fuel projects through its Green Bonds.

Lyse's Green Bonds can be used to finance new projects and to refinance Eligible Projects in accordance with the Green Bonds Framework. The ambition is to use the majority of the Green Bond proceeds to finance new projects<sup>1</sup>.

## **SELECTION OF ELIGIBLE PROJECTS**

Eligible Projects will be selected and approved in consensus by the Treasury Department and the relevant production unit at Lyse (i.e. the environmental specialists in Lyse's production units have a veto). Proceeds from the Green bond will be used exclusively to projects that meet the certification criteria under “Eligible Projects”.

## **TRANSPARENCY**

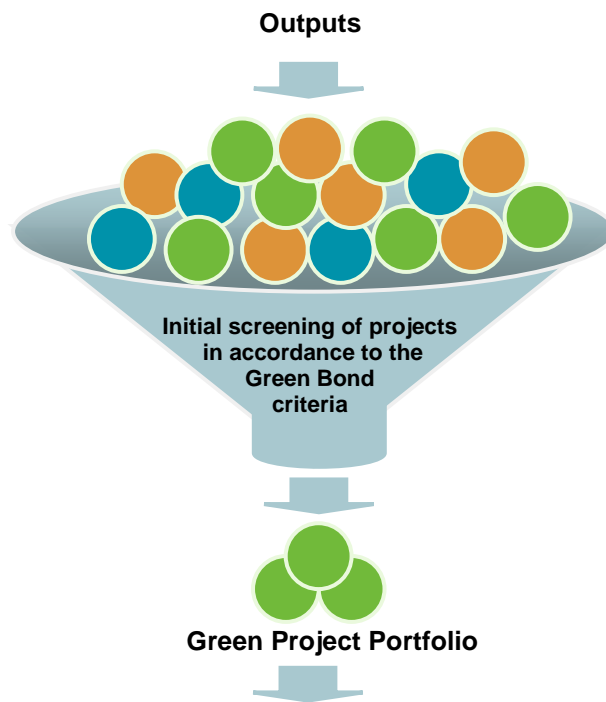
To enable investors to follow the development and provide insight to prioritised areas, Lyse will provide an annual investor letter to investors including 1) a list of projects financed 2) a

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<sup>1</sup> New projects are defined as projects that have been finalized within one year before the time of issuance of the Green Bond and forward.

selection of project examples with impact reporting and 3) a summary of Lyse's Green Bond development. The investor letter as well as the use of proceeds, tracking and management of funds will be assured by Lyse's controller. The opinion of the controller and the investor letter will be made publically available on Lyse's web page.

## Green Bond Project Selection Process Flowchart



### Guidelines:

1. Applicable Norwegian Law
2. Lyse's Environmental Policy
3. This is Lyse
4. Lyse's Code of Conduct

### Selection according to the criteria by:

1. Green Bond framework defined projects
2. Treasury Department together with the relevant production unit at Lyse