°CICERO Shades of Green

Tensio
Green Financing Second Opinion

April 20, 2021

Tensio is a Norwegian energy utility company focusing on the distribution of electricity, established in 2019 as a merger between TrønderEnergi Nett and NTE Nett. Tensio is operating in Norway and mainly in the Trøndelag County. Tensio is Norway's second largest power distribution company, and has 29 000 km power lines and 260 000 customers connected to the grid. In 2020 Tensio supplied 7,4 TWh of renewable energy, which is around 5% if the average electric energy production in Norway.

Projects financed under this framework will contribute to Norway's electrification and decarbonization trajectory by enabling the use of more renewable energy. Green proceeds are expected to be aimed at energy efficiency through among others construction and upgrading of transmission and distribution networks to connect new renewable energy to the grid and to decrease losses and/or enhance transmission capacity. The grid emission factor of the energy being transported in Tensio's grids has a grid emission factor of 5-20g CO_2/kWh compared to the European energy mix at around 315 CO_2/kWh.

The main drivers for increased energy demand in Trøndelag are related to increased electrification of new and existing industry including such as transportation, aquaculture and hydrogen. Tensio is however legally obliged to offer grid connections to all clients. Investors should therefore be aware that new transmission lines may also support electrification of offshore oil and gas installations. Green proceeds will however not be allocated directly to support such connections. The investors should furthermore be aware that the avoidance of fragmentation or conversion of wetland is not systematically considered when selecting location for new infrastructure. This may lead to increased greenhouse (GHG)-emissions and should be avoided. There can also be potential conflicts related to local reindeer populations.

As a newly established company Tensio lack concrete targets related to climate and environment as well as reporting on GHG emissions, but is in the process of establishing targets and reporting routines. The issuer has a strong focus on their suppliers but does not require them to report on emissions. Impact reporting does not include annual savings of GHG or GHG emissions avoided or reduced. The issuers investments are highly exposed to physical climate risks, like increased flooding, landslides and higher snow loads. Tensio is conducting climate risk assessments but has not implemented the TCFD recommendations. Tensio has a strong focus on innovation and has established several projects that have the potential to reduce GHG-emissions.

Based on the overall assessment of the eligible green assets under this framework and governance and transparency considerations, Tensio's green financing framework receives a **CICERO Dark Green** shading and a governance score of **Good**. In order to improve the framework, Tensio should ensure implementation of concrete targets and improve their GHG- and impact reporting. Furthermore, we encourage Tensio to include avoidance of wetland as a criteria when selecting location for new infrastructure.

SHADES OF GREEN

Based on our review, we rate the Tensio's green financing framework **CICERO Dark Green.**

Included in the overall shading is an assessment of the governance structure of the green finance framework. CICERO Shades of Green finds the governance procedures in Tensio's framework to be **Good**.

GREEN BOND AND GREEN LOAN PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.

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1 Terms and methodology

This note provides CICERO Shades of Green's (CICERO Green) second opinion of the client's framework dated April 2021**.** This second opinion remains relevant to all green bonds and/or loans issued under this framework for the duration of three years from publication of this second opinion, as long as the framework remains unchanged. Any amendments or updates to the framework require a revised second opinion. CICERO Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

The second opinion is based on a review of the framework and documentation of the client's policies and processes, as well as information gathered during meetings, teleconferences and email correspondence.

Expressing concerns with 'Shades of Green'

CICERO Green second opinions are graded dark green, medium green or light green, reflecting a broad, qualitative review of the climate and environmental risks and ambitions. The shading methodology aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts. Investments in all shades of green projects are necessary in order to successfully implement the ambition of the Paris agreement. The shades are intended to communicate the following:

CICERO Shades of Green	Examples
Dark green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Ideally, exposure to transitional and physical climate risk is considered or mitigated.	Wind energy projects with a strong governance structure that integrates environmental concerns
Medium green is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Physical and transition climate risks might be considered.	Bridging technologies such as plug-in hybrid buses
Light green is allocated to projects and solutions that are climate friendly but do not represent or contribute to the long-term vision. These represent necessary and potentially significant short-term GHG emission reductions, but need to be managed to avoid extension of equipment lifetime that can lock-in fossil fuel elements. Projects may be exposed to the physical and transitional climate risk without appropriate strategies in place to protect them.	Efficiency investments for fossil fuel technologies where clean alternatives are not available

Sound governance and transparency processes facilitate delivery of the client's climate and environmental ambitions laid out in the framework. Hence, key governance aspects that can influence the implementation of the green bond are carefully considered and reflected in the overall shading. CICERO Green considers four factors in its review of the client's governance processes: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

2 Brief description of Tensio's green financing framework and related policies

Tensio is a Norwegian energy utility company focusing on the distribution of electricity, established in 2019 as a merger between TrønderEnergi Nett and NTE Nett. Tensio consists of a holding company, Tensio AS and two subsidiaries Tensio TN AS (former NTE Nett AS) and Tensio TS AS (former TrønderEnergi Nett AS). Tensio is owned by TrønderEnergi AS (40%), Nord-Trøndelag Elektrisitetsverk AS (40%) and KLP (20%).

Tensio has their main office in Stjørdal and is operating mainly in the Trøndelag County. Tensio's grid includes 29 000 km power lines, 100 transformer stations and 13 000 grid stations. 260 000 customers are connected to the grid, which makes Tensio Norway's second largest power distribution company. Tensio currently employs approximately 560 people. In 2020 Tensio supplied 7,4 TWh of renewable energy. All of Tensio's operations are within Norway.

Environmental Strategies and Policies

Tensio contributes to a more sustainable future by strengthening, improving and maintaining the Norwegian electricity distribution grid[1]. The company has not yet established concrete environmental or climate related targets after the merger but is working on a sustainability plan that will lay out the company's work on sustainbility. According to the issuer, they aim to establish KPI for areas like waste sorting, GHG-emissions and certification. The issuer informs that they aim to establish the plan during 2021.

Tensio is conducting climate risk assessments as part of the concession process when obtaining concessions from the NVE[2], among others in the MTA-plan (environment, transport and construction plan) where needed modifications in constructions as a result of a changing climate are included. According to the issuer, they consider e.g. the risk for increased flooding, landslides, higher snow loads, and more intense storms when they decide e.g. the routes selected for new transmission lines and how new transmission towers should be constructed. In addition, climate risk is a part of their regularly conducted risk and safety analysis (ROS) to plan maintenance and reinforcement of equipment and constructions. The issuer has not accommodated the TCFD-guidelines.

When selecting routes for new transmission lines, several issues are considered, like to construct the lines over or under ground. This is among others affected by whether there is sensitive biodiversity or drinking water reservoirs. There can also be potential conflicts related to local reindeer populations. As a part of the NVE-concession process, Tensio is obliged to host hearing processes where concerns from affected parties will be discussed. Following public hearings Tensio, together with the authorities, explores how/if accommodating the concerns are possible. The issuer further informs us that they always enter into a dialogue with the local communities and landowners and find sensible solutions. If acceptable solutions cannot be found, alternative routes will be discussed. Avoidance of construction of wetland has not yet been systematically included as a parameter to consider when selecting the routes for new transmission lines or other relevant infrastructure.

[1] One project Tensio is currently working on is a 132kV transmission line between Åfjord and Eide in Trøndelag County, to secure the existing and future electricity supply in the area. The energy being transported in Tensio's grids consists of approximately 60% hydropower and 40% wind energy. The energy mix average emissions are 5-20g CO_2/kWh (emissions from the European energy mix is around 315 gCO2/kWh).

[2] Norwegian water and energy resources, including transmission, are regulated by the Norwegian Water and Energy Resources Directorate (NVE).

Tensio is not yet reporting on GHG-emissions. According to the issuer, they intend to start reporting on Scope 1 and scope 2-emissions from 2021 but have no current plans to start reporting on scope 3 emissions. Tensio's owner TrønderEnergi Nett is reporting on Scope 1 and scope 2 emissions.

The issuer has established a code of conduct (CoC), setting out the expected ethical behavior of its employees as well as a CoC for their suppliers. The CoC for suppliers requires that environmental considerations are made throughout the production and distribution chain, including e.g. loss of biodiversity, emissions of greenhouse gases, acceptable waste management and phasing out the use of non-renewable resources. One example of a purchase requirement including environmental criteria is an agreement for car purchases with a specification to deliver electric and low emission fossil cars. 1/6 of the cars did not comply with this requirement and were excluded from the process. The CoC also requires that the suppliers comply with relevant UN and ILO guidelines for ethical behavior and follow the laws and regulations in the countries they purchase their products or services. This may be followed up by inspections by Tensio or a third party. The suppliers CoC also set out the requirments related to workers' rights.

A well-functioning power grid is a prerequisite for electrification, and the intake of new renewable energy as well as increased power needs require an upgrade of existing as well as new power lines[3]. To plan for these activities, Tensio conducts long-term analyzes every other year within their concession areas (the Trøndelag county). These are summarized in so-called power system studies, the last of which was made in 2020 for the period 2020-2040 for the northern and southern region of Trøndelag. According to the issuer, the main drivers of power system expansions in the Trøndelag county are infrastructure for electric transportation (including the maritime sector), and new industries like generation of green hydrogen and land-based aquaculture. Some power needs are also expected for electrification of offshore oil and gas installations, particularly in the Sør-Trøndelag region.

Tensio has initiated a project to calculate the climate and environmental footprint of the grid companies, looking at the life cycle emissions of the facilities, including construction, operation, maintenance and waste management. The project aims to contribute to grid companies making environmentally and climate friendly choices related to the selection of concepts, purchasing and physical impacts in the area they are operating. The project also aims to provide a methodology for calculating the climate footprint of 1 kWh of delivered electricity. Tensio has informed us that they are also working to reduce the potential leaching of creosote pols, and replace them with nature friendly alternatives, before this is mandated by the authorities.

Other projects that intend to reduce the company's CO_2-footprint include:

- Increasing the utilization of the transmission capacity in the power grid and also store energy by using e.g. batteries, and by this reducing the size of new power systems. The issuer aims to reduce the use of materials in construction of new facilities, and also in some cases avoid constructing new power lines to serve additional power needs.
- Reduction and replacement of SF_6 in high voltage equipment[4].
- The use of drones for maintenance and monitoring to reduce the environmental footprint and the use of fossil fuels.

Use of proceeds

The net proceeds of the green financing issued by Tensio will be used to finance or re-finance eligible projects that have been evaluated and selected by Tensio in accordance with the Green Financing Framework. Refinancing of eligible projects will have a look-back period of no longer than 3 years from the time of issuance.

[3] Meld. St. 13 (2020–2021) (regjeringen.no)

[4] SF_6 is the most commonly used dielectric gas for medium and high voltage electrical equipment due to its excellent electrical properties. SF_6 is a potent greenhouse gas with a global warming potential (GWP) 23,500 times that of CO_2.

Green proceeds will not be allocated to projects associated with fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Selection

The selection process is a key governance factor to consider in CICERO Green's assessment. CICERO Green typically looks at how climate and environmental considerations are considered when evaluating whether projects can qualify for green finance funding. The broader the project categories, the more importance CICERO Green places on the governance process.

Tensio will establish a green finance committee (GFC) to evaluate and select assets and to ensure that projects are aligned with eligibility criteria detailed in the green framework. The committee will meet at least on an annual basis. The GFC comprises representatives from Treasury, Group Sustainability and Business Control. The sustainability function will have veto power.

The GFC will be responsible for:

- Evaluating the compliance of proposed assets with the eligibility criteria.
- Ensuring that the pool of eligible assets is aligned with the categories and criteria as specified under the use of proceeds.
- Replacing investments that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.).
- Review and update the green finance framework as needed.

According to the issuer, Tensio has addressed potential risks and how to mitigate them through the NVE-concession process. Project eligble for green finance will be grid investments which have been through and extensive risk process. The issuer informs that following an approval from NVE, the projects will not be screened for further ESG risk factors by the GFC.

Management of proceeds

CICERO Green finds the management of proceeds of Tensio to be in accordance with the Green Bond and Green Loan Principles. Tensio will establish a green financing register (GFR) to monitor eligible projects financed by the green proceeds, as well as provide an overview of the allocation of the net green proceeds issued to the respective eligible projects. The value of the eligible projects detailed in the GFR will at least equal the aggregate net proceeds of all outstanding green finance.

According to the issuer they plan to report on a portfolio basis where capex will be disclosed per eligible project category. Unallocated proceeds will be shown in years where/if green financing exceeds capex spent on eligible projects.

If total outstanding net proceeds of green finance exceed the value of the eligible projects in the GFR, proceeds yet to be allocated towards eligible projects will be held in accordance with Tensio's liquidity management policy and managed as such. The issuer confirms that unallocated proceeds cannot be used to invest in activities associated with fossil fuels.

Management of proceeds and impact reporting will be carried out by the GFC and the treasury department in Tensio.

Reporting

Transparency, reporting, and verification of impacts are key to enable investors to follow the implementation of green finance programs. Procedures for reporting and disclosure of green finance investments are also vital to build confidence that green finance is contributing towards a sustainable and climate-friendly future, both among investors and in society.

Tensio will provide a green financing investor report on an annual basis and intends to report on quantitative impact indicators where feasible and relevant data information is available. The report will include allocation, and impact reporting were found feasible.

Allocation reporting will include a description of the portfolio of eligible assets, type of financing instruments utilized and respective outstanding amounts, information on the split between new financing and re-financing and a list of eligible assets including the amounts allocated, including allocated and disbursed amounts per category and geographical distribution.

The impact reporting aims to disclose the environmental impacts of the eligible assets financed under the green finance framework, based on Tensio's financing share of each project. Tensio can finance large and small eligible assets in the same project category, and 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 on a best effort basis. The impact assessment will, if applicable, be based on the following Key Performance Indicators (KPIs) related to energy efficiency:

- Capacity expansions in connecting new renewable energy to the grid (GWh).
- A list of projects financed and a qualitative explanation as to why they are sustainable and how they contribute. Including geographical location.

Tensio will appoint 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 are done in accordance with Tensio's green financing framework. The third-party review, and the green financing investor report will be publicly available on Tensio's website.

Both the allocation and the impact reports will be externally verified.

3 Assessment of Tensio's green financing framework and policies

The framework and procedures for Tensio's green finance investments are assessed and their strengths and weaknesses are discussed in this section. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised in this section to note areas where Tensio should be aware of potential macro-level impacts of investment projects.

Overall shading

Based on the project category shadings detailed below, and consideration of environmental ambitions and governance structure reflected in Tensio's green finance framework, we rate the framework **CICERO Dark Green.**

Eligible projects under the Tensio's green finance framework

At the basic level, the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental benefits. Through selection of project categories with clear environmental benefits, green bonds aim to provide investors with certainty that their investments deliver environmental returns as well as financial returns. The Green Bonds and Green Loan Principles (GBP) state that the "overall environmental profile" of a project should be assessed and that the selection process should be "well defined".

Category	Eligible project types	Green Shading and some concerns
Energy Efficiency	• Construction, reconstruction and upgrading of transmission and distribution networks to connect new renewable energy to the grid. • Upgrading of transmission and distribution networks to decrease losses and/or enhance transmission capacity for renewable energy. • Development and construction of energy storage, energy recovery and smart grids.	**Dark Green** ✓ A well-functioning power grid is a prerequisite for electrification. The energy being transported in Tensio's grids consists of approximately 60% hydropower and 40% wind energy. The energy mix averages emissions is 5-20g CO_2/kWh[5], while the European energy mix ha a CO2-emission of around 315 CO_2/kWh. ✓ Tensio's power grids are a part of the national grid and can be transporting energy generated from fossil fuels. Tensio is located in an area with a certain volume of fossil fuel installations, and the company is legally obliged to offer grid connections to all clients. However, the issuer confirms that electrification or transmission grids toward the oil and gas sector are excluded from the green finance framework. ✓ Both overground and underground transmission lines can be supported. Tensio confirms that they only have operations within Norway, with a focus in Trøndelag.

[5]https://kommuninvest.se/npsi_position_paper_2019/

	✓ One example of an energy storage system is the use of a battery system that will help to improve the voltage quality of a local power grid. The issuer informs that currently no storage solutions will be funded by green proceeds, but that Tensio is exploring through an R&D-project how batteries can be used in the future to run the grid more efficiently. ✓ Battery storage requires high volumes of environmentally sensitive materials, including lithium, manganese and cobalt. The supply chains for these materials need to be appropriately managed, to avoid creating new adverse social and environmental impacts. Responsible sourcing and recycling should be part of any project developer's strategy.

Table 1. Eligible project categories

Background

In 2019, global renewable electricity generation rose 6%, with wind and solar PV technologies together accounting for 64% of this increase. Although the share of renewables in global electricity generation reached almost 27% in 2019, renewable power still needs to expand significantly to meet the IEA's Sustainable Development Scenario (SDS) share of 50% of the generation by 2030[6]. The EU has committed itself to a clean energy transition, which will contribute to fulfilling the goals of the Paris Agreement on climate change and provide clean energy to all. To deliver on this commitment, the EU has set binding targets, e.g., to increase the share of renewable energy to at least 32% of EU by 2030[7].

In February 2020, Norway released updated targets for 2030 to cut emissions by 50-55% from 1990 levels[8]. Norway is projected to miss its 2020 emissions reductions target by around 4.5 million tCO_2e and needs fast action to reach the new 2030 goal. The government has outlined necessary steps to achieve this through the 'Klimakur 2030' analysis[9]. The analysis covers 60 emissions reductions measures in multiple sectors including energy, transport and industrials that will lead to a 50% emissions reduction by 2030. The implementation of electrification measures will make up 34% of total emissions reductions between 2021-2030 in Norway.

Norwegian power demand is estimated to increase by 5.8 TWh to account for the electrification of many sectors towards 2030. In 2020, Norway produced 154.2 TWh. Total consumption amongst all sectors was 139 TWh[10], while in 2030, it is expected that consumption will increase to 159 TWh. Considering expansions in generation capacity from wind and hydropower, this will be well within Norway's expected generation capacity of 174 TWh. Electrification measures will require rapid extension of grid and charging infrastructure. This additional renewable energy capacity contributes to greater grid decentralisation and localisation, which enhances grid flexibility and resilience.

On a global level, the IEA Sustainable Development Scenario estimates a required energy efficiency improvement rate of 3.2% per year through 2040, which is double the rate in the period 2000-2016, in order to be in line with

[6] https://www.iea.org/fuels-and-technologies/renewables

[7] https://ec.europa.eu/energy/sites/ener/files/documents/necp_factsheet_pl_final.pdf

[8] https://www.regjeringen.no/no/aktuelt/norge-forsterker-klimamalet-for-2030-til-minst-50-prosent-og-opp-mot-55-prosent/id2689679/

[9] https://www.miljodirektoratet.no/globalassets/publikasjoner/m1625/m1625.pdf

[10] The generation of electricity in 2020 was around 10TWh higher than average production the last 5 years. Kraftproduksjon - Energifakta Norge.

the SDS scenario [11]. Energy efficiency investments, such as smart technology aimed at reducing energy consumption, are key to reducing emissions. Smart grids and grid upgrades are necessary to manage and increase the share of intermittent and decentralised renewable energy. Starting in January 2019, all Norwegian buildings were required by law to switch to digital electricity meters/smart meters that collect consumption data and deliver it to the centralised system run by Statnett. This contributes to a more efficient energy market and help customers to gain information about when energy prices are lower and shift their energy consumption accordingly.

Energy storage is a key enabling technology for rolling out renewable energy further. In 2019, 2.9 GW of storage capacity were added to electricity systems globally – however this was almost 30% less than in 2018. The roll-out of storage systems is fragile and dependent on policy support.

EU Taxonomy

The European Union has published a taxonomy to classify sustainable activities. The final taxonomy was published on March 9, 2020 and contains implementation guidance for companies and financial institutions – including technical criteria for a range of sectors[12]. The legislation formalizing this taxonomy – the Delegated Acts – has not yet been adopted. The Taxonomy includes a number of principles including a "do-no-significant-harm clause" and safety thresholds for various types of activities. Do-No-Significant-Harm criteria include measures such as ensuring resistance and resilience to extreme weather events, ensuring recycling and reuse of construction and demolition waste, limiting of pollution and chemical contamination of the local environment and protection of bio-diversity and ecosystems. Compliance with the EU Taxonomy has not been considered in this SPO.

Governance Assessment

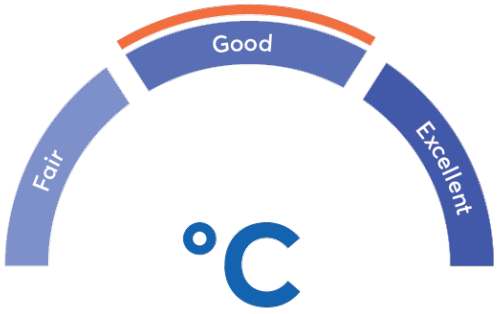
Four aspects are studied when assessing the Tensio's governance procedures: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify eligible projects under the framework; 3) the management of proceeds; and 4) the reporting on the projects to investors. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

Tensio is focusing on the strengthening, improving and maintaining the Norwegian electricity distribution grid and is by this contributing to the mitigation of climate change. Tensio does not yet have any specific targets related to environment or climate change, but aims to implement a sustainability plan during 2021, including relevant KPIs. Tensio is conducting climate risk assessments as a part of the concession process to obtain a license, and through regular risk and safety analysis. The issuer has not implemented the TCFD recommendations.

Tensio has not started reporting on GHG-emissions but is in the process of establish reporting routines on Scope 1 and 2. For Tensio, scope 3 emissions related to the indirect emissions in the value chain will be particularly important. However, the issuer informs that they do not have current plans to start reporting on scope 3 emissions. The issuer has provided some KPIs for impact reporting but has not included reporting on the annual energy savings or annual GHG emissions reduced/avoided. Allocation and impact reporting will be externally reviewed while there are proceeds still outstanding.

[11] https://www.iea.org/reports/energy-efficiency-2019
[12] Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020. https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en

The issuer has established a strong code of conduct (CoC) for their employees, setting out the expected ethical behavior as well as a CoC for their suppliers. The CoC for suppliers requires that environmental considerations are made throughout the value chain. Compliance is followed up by regular audits.



The overall assessment of Tensio's governance structure and processes gives it a rating of **Good**. However, the governance will depend on whether the company's is able to establish and work towards relevant targets as well as implementing a solid reporting regime.

Strengths

Tensio's framework will contribute to Norway's electrification and decarbonization strategy, by enabling the use of more renewable energy. CICERO Shades of Green is encouraged that the main drivers for new power generation in the Trøndelag region are related to increased electrification of new and existing industry including such as transportation, aquaculture and hydrogen.

Tensio is focusing on innovation and has established several projects that has the potential to lead to a reduction of GHG-emissions. An example is to increase the utilization of the transmission capacity in the power grid and also store energy by using e.g. batteries, and by this reducing the size of new power systems and in some cases avoid constructing new power lines to serve additional power needs.

The issuer has initiated a project that aims to calculate the climate and environmental footprint of their activities, including a methodology for calculating the climate footprint of 1kWh delivered electricity.

Weaknesses

CICERO Green finds no material weaknesses in Tensio's framework.

Pitfalls

Tensio's lack of concrete environmental and climate change targets, as well as lack of GHG-reporting routines is a pitfall.

The main drivers for increased energy demand in Trøndelag are related to increased electrification of new and existing industry including such as shipping, aquaculture, hydrogen and batteries. Tensio is however legally obliged to offer grid connections to all clients, and new transmission lines may also support electrification of offshore oil and gas installations. Green proceeds will however not be allocated directly to support such connections.

Tensio has not systematically included considerations related to wetland when selecting routes for new transmission lines or location of other infrastructure. Conversion or fragmentation of wetland can lead to increased emissions of GHG-emissions and should be avoided. The thickness of the wetland is one of the factors that will affect the volume of emissions[13].

[13] Rapport 2020 11 web - def 2.pdf (cicero.oslo.no)

Digital solutions are expected to be an important enabling technology for climate mitigation and adaptation strategies. However, we note there are trade-offs on emissions and energy use from increasing demand for data centers, while reducing emissions in other sectors. CICERO Green encourages Tensio to include such considerations in their project on calculation of the climate footprint of their activities.

Appendix 1:
Referenced Documents List

Document Number	Document Name	Description
1	Tensio Green Financing Framework, Dated April 2021.	Green Financing Framework.
2	Tensio Code of Conduct (Etiske retningslinjer i Tensio), dated 01-10-2020.	Summarizing the ethical guidelines for Tensio's employees.
3	Tensio Code of Conduct for suppliers (Tensio's etiske retningslinjer for leverandører), dated 10-01-2020.	Summarizing the ethical guidelines for Tensio's suppliers, including e.g. workers' rights and the environment.
4	Tensio, annual report on Health, Safety and Environment, dated 03-03-2021.	Status for HSE in Tensio in 2020.
5	Description of relevant R&D-projects in Tensio.	Including the use of drones for maintenance and monitoring, and reduction and replacement of SF_6 in high voltage equipment.

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Appendix 2:
About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green bond investments. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University and the International Institute for Sustainable Development (IISD).