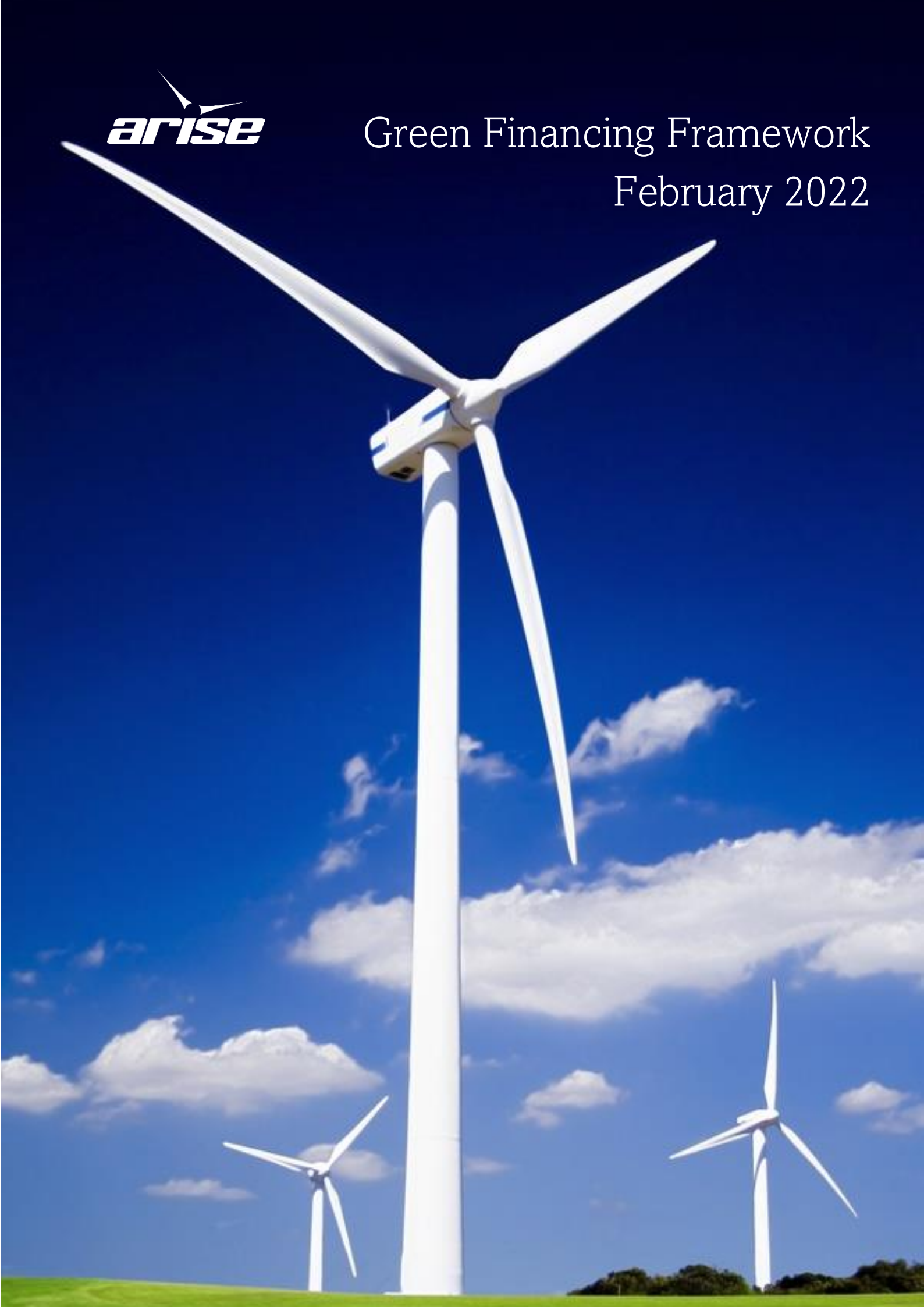




# Green Financing Framework

## February 2022





# Introduction to Arise

Arise, founded in 2007, is one of Sweden's leading independent companies in renewable energy. Our core business is to develop, construct, sell and manage projects that produce renewable energy without releasing CO<sub>2</sub>, dust or other emissions into the air, water or ground. The operations also include own production of renewable energy. Arise is listed on Nasdaq Stockholm.

Arise manages the entire value chain – from exploration and permitting to financing, construction, divestment and long-term management of renewable energy production.

We aim to develop renewable energy for a sustainable future. In addition to developing projects and building farms for customers and investors, we also have our own wind farms in southern Sweden which supply renewable energy daily. Proactive ownership, incl. increasing the wind farms' economic lifetime, also improves their economic sustainability and the resource utilisation of investments already made.

With our climate-smart solutions, we create renewable energy for a sustainable future. In addition, we work to maximise our positive social impact, as well as minimize and mitigate any potential risks.

We wish to make a positive contribution to the local economy through economic growth and job creation. Our entire mission is about transitioning to a sustainable energy system with reduced emissions. By doing this in a commercially viable way, we can create long-term profitability for all our stakeholders and for the community at large.

Ahead of the construction of new projects, a consultation meeting is always held to give the local residents affected by the project an opportunity to present their views. We always strive for constructive communication with parties concerned, and we maintain a continuous dialogue with landowners, local residents' associations and other associations. From some wind farms, a rural development grant is paid annually which is distributed among local projects for the purpose of promoting the development of the local community.

Thanks to our expansion, we also contribute to the local economy and jobs growth, particularly in rural areas, and we also create skilled jobs for many people over a long period of time. This is the case during construction and after commissioning, when we use transport companies, businesses, hotels, etc., and we always strive to engage entrepreneurs as close to the project as possible.

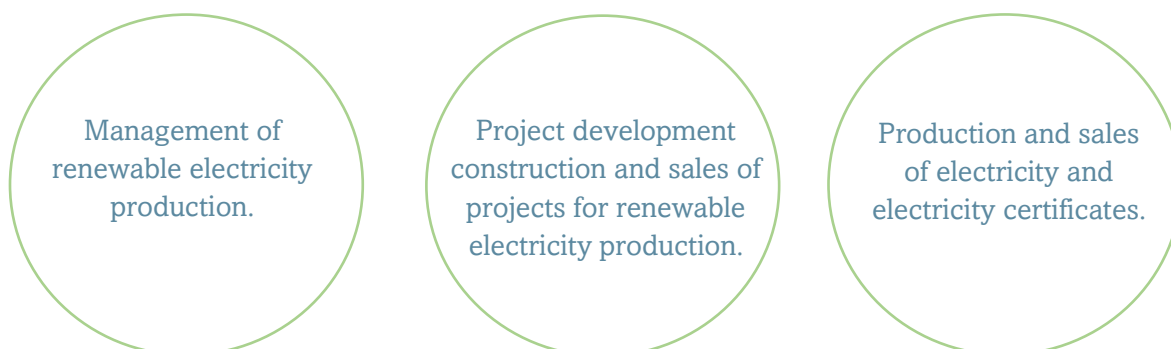
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## Environment and climate-smart solutions

*"With our climate-smart solutions, we create renewable energy for a sustainable future."*

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### Business model consisting of three areas



## ARISE AND SUSTAINABILITY

The challenges of climate change have become increasingly apparent and fossil energy sources have gradually started to be replaced by renewable energy. The positive development in renewable energy technologies, which has seen gradually falling costs per produced unit of energy, has enabled and accelerated this trend.

We produce green energy, and our entire business focus is as such on delivering sustainable energy solutions that help to reduce CO2 emissions.

In our view, contributing to an increased production of renewable electricity is our most important environmental contribution. However, we go beyond that to maximise our positive impact. For example, we have extended the lifetime of turbines in our wholly owned wind farms to be able to produce even more energy in the same facility. This has resulted in a prolongment of the

expected economic lifetime of these wind farms from 25 to roughly 30 years, constituting a considerable positive environmental impact.

Since the core of our business is to create renewable energy through a continuous development of renewable electricity production, we contribute to the United Nations' Sustainable Development Goal 7 "Affordable and clean energy" and Goal 13 "Climate action".

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### Responsible enterprise

**"When we expand renewable electricity production, we improve the environment, create jobs and local development and we do so with an eye to the best interests of the company and the community at large."**

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# Arise's Green Finance Framework

We have established a Green Finance Framework (hereinafter referred to as the “Framework”) in order to be able to issue Green Bonds and Green Loans (hereinafter collectively referred to as “Green Finance Instruments”) to finance and refinance assets and projects which enable the transition to a low carbon and climate resilient economy.

The documentation for any Green Finance Instrument issued will refer to this Framework. The terms and conditions contained in the underlying documentation for each issued Green Finance Instrument will specify the actual terms of the instruments.

This Framework is aligned with the ICMA Green Bond Principles published in 2021 and the LMA/LSTA Green Loan Principles published in 2020.

This Framework may from time to time be updated. For instance, future changes to the Green Bond Principles or Green Loans Principles may be implemented in future versions of this Framework. Any future version of this Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external consultant. For the avoidance of doubt, any future changes to the eligibility criteria will not apply to Green Finance Instruments issued under previous versions of the framework.

## USE OF PROCEEDS

An amount equal to the net proceeds from Green Finance Instruments issued under this Framework will be used to finance a portfolio of assets and projects, in whole or in part, that promote the transition towards low carbon and climate-resilient development.

Only such assets and projects that comply with the criteria stated in the Green Projects section below are deemed eligible to be financed by Green Finance Instruments. Net proceeds from Green Finance Instruments can be used for the financing of new assets and projects, as well as for refinancing purposes. New assets and projects are defined as ongoing Green Projects and those taken into operation less than 12 months prior to the issuance of a Green Finance Instrument.



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



## GREEN ASSETS AND PROJECTS

Green Finance Instruments issued under this Framework will finance and refinance capital expenditures and operating expenditures<sup>1</sup> within the following Green Project categories directed towards the development of renewable energy production and ancillary assets.

Particularly, proceeds may be used to:

<b>Green Project Category</b>	<b>ICMA GBPs</b>	<b>UN SDGs</b>	<b>EU Taxonomy</b>
Renewable Energy  1. fund the development and construction of renewable energy production, i.e., wind and solar power production and ancillary storage solutions 2. operational costs relating to the management of renewable energy production of farms wholly or partially owned by Arise 3. operational costs relating to the management of renewable energy production of farms owned by an entity other than Arise	Renewable Energy	  	EU Environmental Objective: Climate Change Mitigation

## SELECTION OF ELIGIBLE ASSETS AND PROJECTS

To ensure transparency and accountability around the selection of Green Projects, Arise has established a Green Finance Committee which is responsible for the evaluation and selection process. The Green Finance Committee consists of the CEO, CFO and COO. The group will meet at least twice yearly, and all decisions will be made in consensus.

Only assets and projects eligible as per the Use of Proceeds section of this framework will be approved by the Green Finance Committee and become eligible to be financed with Green Finance Instruments. 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 Finance Instruments, which is further described below under Management of Proceeds. The Green Finance Committee is also in charge of potential future oversight and updates to this Framework.

<sup>1</sup> For operating expenditures, we will use a maximum look-back period of three years.

## MANAGEMENT OF PROCEEDS

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

Arise will aim to ensure that the aggregate amount of potential projects and assets that may be approved by the Green Finance Committee in the future at all times exceeds the aggregate net proceeds of all outstanding Green Instruments issued under this framework. If a Green Project already funded by Green Finance Instruments is sold, or for other reasons loses its eligibility in line with the criteria in this Framework, such funds will become unallocated until allocated to a qualifying Green Project.

Net proceeds from Green Finance Instruments awaiting allocation to Green Projects will be managed according to Arise's overall liquidity management policy and may be invested in short term money market instruments or held as cash.

## REPORTING

For as long as we have Green Finance Instruments in the debt capital market outstanding, Arise will yearly make a report available on our website, for investors and other parties of interest to follow the development of the eligible projects and assets. The report will contain two sections, one containing information regarding the **allocation** and the other on the environmental **impact**, measured when possible and otherwise estimated. All methods and assumptions forming the basis of any calculation will be openly explained to support transparency.

The allocation report will include:

- Nominal amount of Green Finance Instruments outstanding, divided into Green Bonds and Green Loans
- The allocation of the proceeds of issued Green Finance Instruments to a portfolio of Eligible Projects and Assets, including a breakdown of the allocation to specific use of proceeds categories
- Examples of assets and projects financed by means of Green Instruments
- If any, the net proceeds awaiting disbursement to Green Projects

The impact report will include:

- Total renewable energy generation and storage capacity of wind and solar projects financed by Green Finance Instruments
- Expected annual renewable energy generation for wind and solar projects financed by Green Finance Instruments
- Annual renewable energy generated by commissioned wind and solar power plants financed by Green Finance Instruments

## EXTERNAL REVIEW

Arise has obtained a Second Party Opinion from Cicero Shades of Green to confirm this Framework's alignment with the ICMA Green Bond Principles and the LMA/LSTA Green Loan Principles. The Second Party Opinion will be made available on our website together with this Framework.

An independent auditor appointed by Arise will on an annual basis provide a limited assurance report confirming that an amount equal to the net proceeds from issued Green Finance Instruments have been allocated to Green Projects.