

## Green Financing Framework



## ABOUT FJELLINJEN

Fjellinjen is a small organization with a great social responsibility. Only 30 people ensure that more than 3 billion NOK of tolls each year goes through our systems before being distributed among the measures in Oslo Package 3. In 2021, as much as 97 per cent of the tolls will go to a better public transport service and urban development in the Oslo area. In other words, the fee you pay when you drive through a toll station helps to build a future-oriented and sustainable Greater Oslo.

Fjellinjen is financing sustainable traffic solutions for the future. We are owned by Oslo Municipality (60%) and Viken County (40%) and have a history dating back to the 1980s. The first toll station opened in Oslo in 1990.

Our main focus is on the Oslo area and we collect road tolls in an efficient and reliable way. We manage 83 toll stations in and around Oslo. These road toll stations register approximately 32 million passages a month. Our main source of collecting tolls is through our AutoPASS system. Fjellinjen is focusing its revenue on the delivery of the "Oslopakke 3", public transport project. This project's goal is to develop a safe, efficient and green transport system for a rapidly growing region of Norway.

## SUSTAINABILITY AT FJELLINJEN

Fjellinjen's main contribution to sustainability and climate issues is related to how the road tolls are spent and collected.

In addition to our social mission, Fjellinjen is focusing on using digital platforms for meeting activity when possible in order to reduce travel activity to a minimum. Most meetings are local in our region and our employees are required to use the most efficient means of transportation, which is sustainable public transport.

All Fjellinjen's suppliers must agree to a set of provisions of seriousness which contain commitment to human rights and working

conditions. Their commitment and compliance to these terms are revised once every year.

### How the road tolls are spent

Every year, more than NOK three billion go through Fjellinjen's systems. The funds are distributed according to political priorities on the projects in Oslo Package 3. But what exactly is Oslo Package 3?

Oslo Package 3 is an overall plan for the development of public transport, roads and railways in Oslo and parts of Viken. The work extends until 2036. The main goals of the measures in Oslo Package 3 are to increase accessibility for all travelers and to reduce emissions. All increase in transportation should be by means of sustainable transportation whereas car traffic should be flat or declining.

Over the next few years, tolls will contribute to the implementation of initiated transportation projects, investment in bicycle lanes and local road measures, an overall plan for tram development in Oslo, a new signaling system for the subway, the new metro line Fornebu, and funds for the operation of the transportation system.

The new metro line from Majorstuen to Fornebu will offer sustainable transportation from the new office and residential area Fornebu. A six-car subway train with eight departures per hour can carry up to 8,000 people per hour. This will have a huge positive impact by making public transportation less polluting and more sustainable as well as reducing pressure on the roads.

In 2018 the Oslo municipality approved a long-term plan to improve and build bicycle lanes throughout the city. The goal is to create a tight, connected and accessible net of bicycle lanes connecting the different parts of the city. Making conditions better

for cyclists and pedestrians is necessary to solve the challenges Oslo faces in terms of population growth, transport and air quality. By building new bicycle lanes such as the planned route from Torshov to Vippetangen, more people will choose the bicycle instead of traditional transportation and then reduce pressure and need for more polluting transport methods.

#### How the road tolls are collected

The main goals of the toll system that Fjellinjen administer is to:

- finance public transport, urban development and road projects
- reduce private car traffic
- increase accessibility for all groups/travelers
- Reduce greenhouse gas emissions
- Improve urban environment
- Even out the contribution of road tolls in the geographic area we administer

Oslo and Viken have ambitious goals regarding the reduction of greenhouse gas emissions and improving air quality. The toll charge is determined by the vehicle's emissions standards and time of passage.

More sustainable electric vehicles pay less than diesel cars and it is more expensive to pass in rush hours. This is to reduce local pollution and pressure on the roads and avoid congestion.

The time and environmental differentiation rates contribute to achieving these goals by controlling traffic and financing projects that support the goals.

## UN Sustainable Developments Goals

There is an increasing expectation from investors and other stakeholders that businesses take an active role in tackling the global sustainability challenges. In 2015 all members of the UN came together and agreed on 17 sustainable development goals to act as guide for countries and companies in developing their own sustainability strategy. Fjellinjen wants to contribute to all 17 SDGs but has a specific focus on 9, 11 and 13 SDGs in this framework. These are highlighted in the below.



## Framework Structure

As part of Fjellinjen's continued commitment to sustainability, a Green Finance Framework (the "Framework") has been developed. The structure of the Framework is developed to be in line with both the ICMA Green Bond Principles (GBP) 2021, as well as the LMA and APLMA Green Loan Principles (GLP) 2021, and therefore consists of the four key pillars as well as a strongly recommended External Review component.

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

It is Fjellinjen's intention to follow the best market practices, in relation to Green Bonds and Loans, as the market develops. Therefore, the Fjellinjen Green Finance Framework may be amended and/or updated to reflect the changes in market practice or the company's overall sustainability focus.

### Exclusions

Green Bonds and Loans net proceeds will not be allocated to projects for which the purpose of the project is 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.



## Green Financing Framework

The international Capital Markets Association (ICMA) Green Bond Principles (GBP) are a set of voluntary guidelines that recommend and promote transparency and disclosure. GBP promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. This Green Financing Framework is based on the 2021 version of the GBP. It is Fjellinjen's intention to follow best practices in the market as the standards develop and as such the Framework may be updated from time to time.

In addition to Green Finance Instruments issued by Fjellinjen in the capital market, the company may have Green Loans provided by lending institutions. The same criteria for Eligible Assets specified in the Green Finance Framework applies for Green Loans. Green Loans taken by Fjellinjen may be provided by lending institutions that finance these by issuing Green Bonds. Fjellinjen will report the aggregate amount of Green Loans taken and specify each Eligible Asset that has been financed by a Green Loan in a separate section of the Green Finance Investor report.








## 1. Use of Proceeds

The net proceeds of the Green Bonds or Loans issued by Fjellinjen will be used to finance or re-finance Eligible Projects that have been evaluated and selected by Fjellinjen in accordance to this Green Financing Framework. Refinancing of

Eligible Projects will have a look-back period of no longer than 3 years from the time of issuance. The table below will define the criteria for projects in which Fjellinjen can spend Green Use of Proceeds under this framework. These projects will be defined as “Eligible Projects”.

Categories	Eligible Projects	UN SDG's
<b>Clean Transportation</b>	<p><b><u>Railways and public transport</u></b> Construction, reconstruction and upgrading of railroad, trams and supporting infrastructure</p>	 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>
	<p><b><u>Roads for low-carbon and public transportation</u></b> Construction, reconstruction, maintenance and upgrading of road lanes dedicated to public transportation and low-carbon vehicles, known as “Kollektivfelt” and/or “Sambruksfelt”</p>	 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>
	<p><b><u>Enabling carbon neutral solutions</u></b> Development and maintenance of bicycle lanes and pedestrian pathways and supporting infrastructure such as tunnels, fences etc.</p>	 <p>Take urgent action to combat climate change and its impacts</p>



## 2. Selection and Evaluation of eligible projects

Fjellinjen will establish 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 meets at least on an annual basis or when needed. The Green Finance Committee is comprised of representatives from Treasury, Group Sustainability and Business Control. The sustainability function will have 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 Assets 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.

## 3. Management of proceeds

Fjellinjen will establish a Green Financing Register with the purpose to monitor Eligible Projects financed by the Green Bonds and Loans issued by Fjellinjen as well as 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 Register will at least equal the aggregate net proceeds of all outstanding Fjellinjen Green Bonds and Loans. There may be periods when the total outstanding net proceeds of Green Bonds and Loans exceed the value of the Eligible Projects in the Green Financing Register. Proceeds yet to be allocated towards Eligible Projects will be held in accordance with Fjellinjen liquidity management policy and managed as such. The Green Financing Register will form the basis for the impact reporting.



## 4. Reporting

To enable investors to follow the development and to provide insight to prioritized areas Fjellinjen will provide a Green Financing Investor Report on an annual basis. Fjellinjen intends to report on quantitative impact indicators where feasible and relevant data information is available. The Green Financing Investor Report will include the two following reports:

### Allocation Reporting

1. A description of the portfolio of 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 Assets including the amounts allocated, including allocated and disbursed amounts per category and geographical distribution.

### Impact Reporting

The impact reporting aims to disclose the environmental impact of the Eligible Assets financed under this Framework, based on Fjellinjen financing share of each project. As Fjellinjen can finance large and small Eligible Assets 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 on a best effort basis. The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table.

GBP Categories	Examples of impact indicators
<b>Clean Transportation</b>	<p>Added passenger capacity of public transportation</p> <ul style="list-style-type: none"> <li>• Amount of capacity measured in number of people per year as a result of the investments</li> </ul> <p>Estimated added passenger kilometres</p> <ul style="list-style-type: none"> <li>• Km of projects build</li> </ul>

## 5. External Review

### Second party opinion (pre-issuance)

To secure alignment with national and international guidelines, Fjellinjen has engaged CICERO to act as an external verifier of this Green Financing Framework and the Eligible Projects.

### Third-Party Review (post-issuance)

Fjellinjen 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 Fjellinjen's Green Financing Framework.

### Publicly Available Documents

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