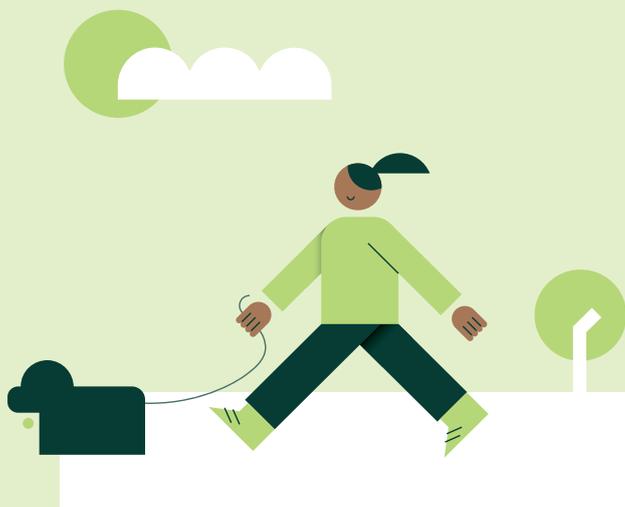


Green Bond Report 2022



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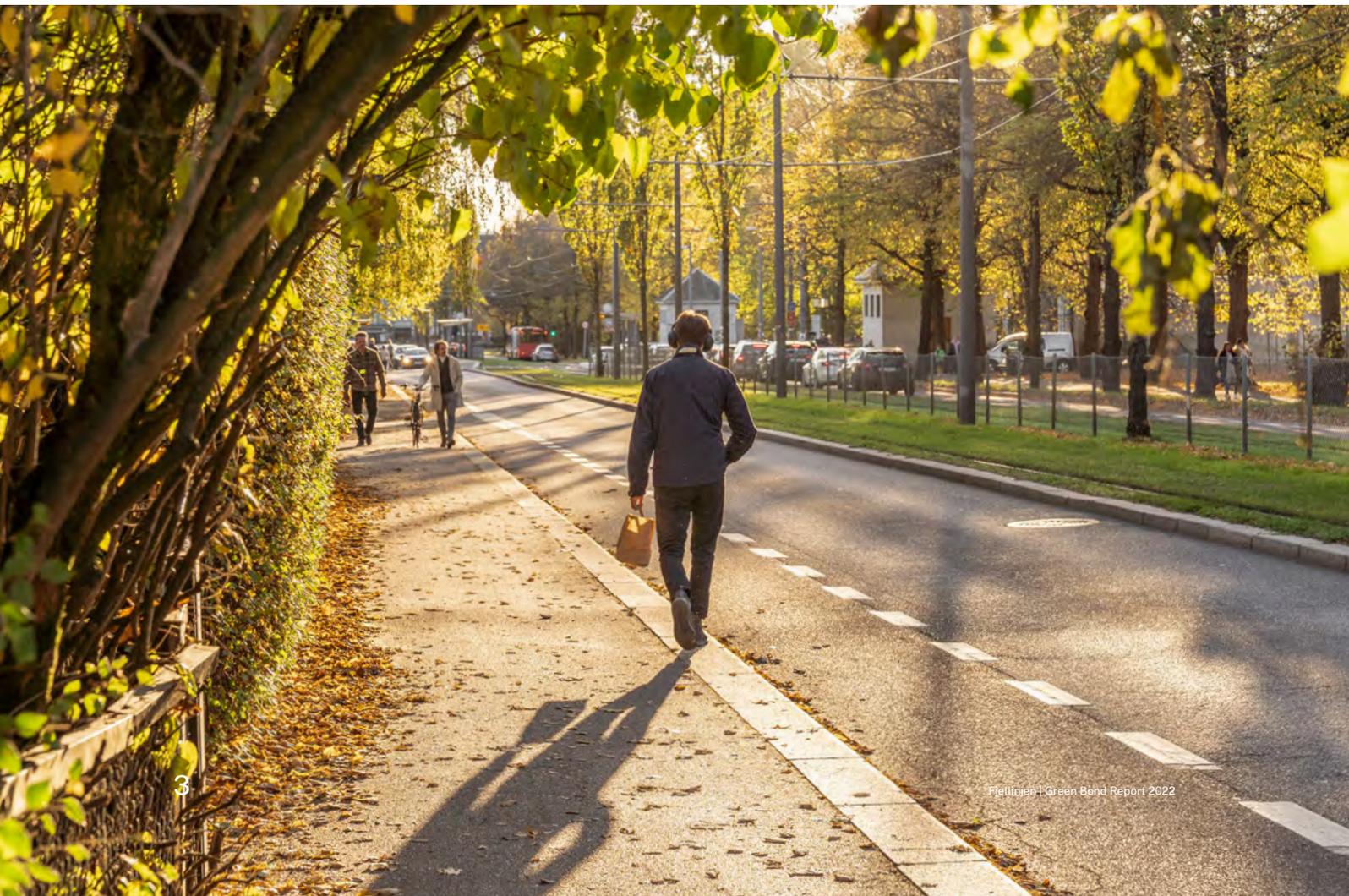
Introduction

Fjellinjen is a regional toll road company whose goal is efficient financing of future transportation solutions.

Fjellinjen was founded in 1989 and is owned by Oslo Municipality (60%) and Viken County (40%). Its first toll station opened in Oslo in 1990. Viken County will demerge into three counties in 2024, Østfold, Buskerud and Akershus. Projects outside of Oslo are conducted in Akershus County, and therefore, Akershus will be used as the geographic area in this report.

Funding is distributed according to the political priorities of projects in Oslopakke 3, an infrastructure development plan for Oslo and Akershus. The primary goal of Oslopakke 3 is zero growth in passenger car traffic.

Fjellinjen is one of a growing number of green bond issuers in the Norwegian market with a total of 500 MNOK in outstanding green bonds as of 31 December, 2022. Green bonds make up 20 % of Fjellinjen's total bond portfolio of 2.5 BNOK.



Targeted Sustainable Development Goals (SDGs)

With the proceeds from the issued Green Bond, Fjellinjen aims to contribute to the fulfilment of the United Nations Sustainable Development Goals (SDGs). The following SDGs are specifically relevant to the green projects for which

proceeds have been allocated. The way each SDG is addressed is described in the Green Project Profiles. The SDGs below are presented with their UN definitions.

 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>UN's definition Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>	<p>Fjellinjen's work Fjellinjen is helping to finance safe, accessible and sustainable transport systems at an affordable price.</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>UN's definition Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<p>Fjellinjen's work Fjellinjen contributes to better air quality and improved infrastructure in growing cities by funding pedestrian and bicycle lanes.</p>
 <p>13 CLIMATE ACTION</p>	<p>UN's definition Take urgent action to combat climate change and its impacts.</p>	<p>Fjellinjen's work By financing the transport solutions of the future, Fjellinjen will help cut emissions and stop climate change.</p>

The Framework

Fjellinjen established a Green Bond Framework in September 2021, committing to dedicated efforts towards sustainability and climate issues related to how the road tolls are collected and distributed.

The Green Bond Framework has been assessed by the independent third-party Center for International Climate and Environmental Research (CICERO). Cicero's Second Opinion review rated Fjellinjen's green finance framework "Dark Green", which is the highest grade that can be awarded. The governance score is "Fair".

Fjellinjen's Green Bond in the amount of 500 MNOK has been allocated to finance green projects. The 3 Eligible Project Types within the category Clean Transportation are:

- **Railways and public transportation.** Construction, reconstruction and upgrading of railways, light rail and supporting infrastructure.
- **Roads for low-carbon and public transportation.** Construction, reconstruction, maintenance and upgrading of road lanes dedicated to public transportation and low-carbon vehicles, known as "Kollektivfelt" and/or "Sambruksfelt".
- **Enabling carbon neutral solutions.** Development and maintenance of pedestrian and bicycle lanes and supporting infrastructure such as tunnels, fences etc.

The proceeds from green bonds do not reduce greenhouse gas emissions or the climate footprint in Fjellinjen's operations, but the projects Fjellinjen finances make a positive contribution to a lower climate footprint.

Fjellinjen wants to increase the share of green financing in its portfolio, and aims to be a driving force for the green transition through effective financial management. This involves identifying and qualifying new projects or parts of projects for green financing. Close dialogue with Oslopakke 3 is important for identifying and qualifying activities that fall within Fjellinjen's Green Framework.

The Green framework and Second Opinion from CICERO are available on Fjellinjen's website.



°CICERO
Dark Green

Green Bond Issued

The initial Green Bond was issued on 30 March 2022 with settlement on 6 April. It was issued in the Norwegian market with tenor and the amount of five years and 500 MNOK, respectively.

Investors participating in the investor call were predominantly Nordic investors, most of whom are operating under green only mandates.

Fjellinjen sees the green bond market as an important market in which to finance projects that will support the company in reaching its sustain-

ability goals. Green bonds are attracting a more diversified investor base and are therefore an important source of funding. The size of Fjellinjen's portfolio of eligible green projects indicates that Fjellinjen can issue green bonds whenever it is deemed advantageous, in order to finance sustainable transportation solutions.

Fjellinjen's Green Bond is issued and listed on Nordic ABM.



Oslopakke 3

Oslopakke 3 is an overall plan for the development of public transportation, roads and railways in Oslo and Akershus County. The plan is scheduled to be completed in 2036. The goals of Oslopakke 3 are to increase accessibility for all travellers and to reduce greenhouse gas emissions.

The increase in private transportation should be within sustainable transportation, whereas car traffic should be flat or decline.

The main goals of the toll system operated by Fjellinjen are:

- Finance public transportation, urban development and road infrastructure projects
- Reduce traffic from private cars
- Increase accessibility for all groups/ travellers
- Reduce greenhouse gas emissions
- Improve the urban environment

The main goals of the measures in Oslopakke 3 are to increase accessibility for all travellers and to reduce emissions.

Green Bond Reporting

The Green Bond Reporting includes an Allocation of Proceeds Report and an Impact Report. The Report focuses on identifying the recipients of project funds, and the extent and long-term impact of the projects on the environment.

Allocation of Proceeds

The portfolio of Eligible Assets is the same portfolio reviewed by CICERO Shades of Green in its Second Opinion Report issued in November 2021.

There are three main eligible project types: 1. Railways and public transportation, 2. Roads for low-carbon and public transportation, and 3. Enabling carbon neutral solutions. The first project type comprises six eligible projects of which three received funding in 2022. Four of the six projects are in Akershus and the remaining two are in Oslo. All of the projects are directly related to improving eco-friendly public transportation in Oslo and Akershus.

The second project type consists of two projects, one aimed at improving traffic safety and the other at improving mass transit systems. These projects did not receive funding from the Green Bond. The last project type consists of two

projects, namely bicycle and pedestrian lanes in Oslo and Akershus. Both of these received green bond funding. Funds for the expansion of bicycle and pedestrian lanes make it easier for people to choose zero-emission modes of transportation such as cycling and walking.

On 30 March 2022, Fjellinjen announced its first NOK Green Bond Issue. The Bond was a senior unsecured five-year bond of 500 MNOK with a coupon of three months Nibor + 0.55%. This is the only green bond issued by Fjellinjen. As funds allocated to Eligible Projects in the period between issuance and the end of 2022 amounted to NOK 500,000,000, all proceeds from the Green Bond have been allocated to Eligible Projects. This also means that 100% of the funds have been allocated to new financing.

Below is a table showing Green Financed Projects. The table lists the five Eligible Projects that have received green bond funding with an overview of funds allocated. The estimated total project size in the period 2022–2025 and the percentage of total projects funded by Fjellinjen proceeds during the period from April to December 2022.

Category	Eligible Project Type	Project	Allocated Proceeds Apr-Dec 2022 NOK '000	Share of total used	New investment	Share of total investment*	Geography
Clean transportation	Railways and public transportation	Fornebu line	124,199	24.8%	100%	0.4%	Akershus/Oslo
Clean transportation	Railways and public transportation	Signalling system Oslo Metro	32,340	6.5%	100%	2.6%	Akershus
Clean transportation	Enabling carbon neutral solution	Bicycle and pedestrian lanes	108,030	21.6%	100%	68.1%	Akershus
Clean transportation	Railways and public transportation	Signalling system Oslo Metro	129,360	25.9%	100%	2.6%	Oslo
Clean transportation	Enabling carbon neutral solution	Bicycle and pedestrian lanes	106,071	21.2%	100%	21.3%	Oslo
			500,000		100%		

*The share of total investment is an estimate. The estimated total investment has been sourced from policy decision documents in Oslo and Viken. For the Fornebu Line and the signalling system, the total project budget has been used; for bicycle lanes and pedestrian pathways, the actual costs for 2022 has been used.

Sources: 1. «Rekvirering av bompenger til Oslopakke 3 for desember 2022» 2. Oslo City Council decision in 2019 3. «Oversikt over sykkeltiltak 2022» 4. «Revidert avtale Oslopakke 3 for 2017-2036» 5. Decision made by Viken County Council in 2022 6. «Svar på skriftlig spørsmål til fylkesrådet fra Simen Nord (H) om G/S-vei»

Impact of Proceeds

The new signalling system for the Oslo Metro has an estimated cost of 5.4 BNOK, and is scheduled to be completed in 2028. The new system is expected to increase hourly capacity from an average of 30 trains per hour to an average of 38 trains per hour, a capacity increase of 26.7%. A three-car train can accommodate 450 people, 8 trains extra will increase capacity by 3,600 passengers per hour. In 2022, Fjellinjen provided 3% of this project's total funding, which is equal to an increase of 108 passengers per hour. Based on 230 working days and two hours of peak capacity per day, in 2022, Fjellinjen contributed to an increased future annual peak passenger capacity of 49,680 passengers.

A budget of 498 MNOK was allocated to the construction of bicycle lanes in Oslo in 2022. During 2022, a total of 26,085 metres of bicycle lanes were built in Oslo. Fjellinjen provided 21.3% of the funding, equal to 5,551 metres of completed bicycle lanes.

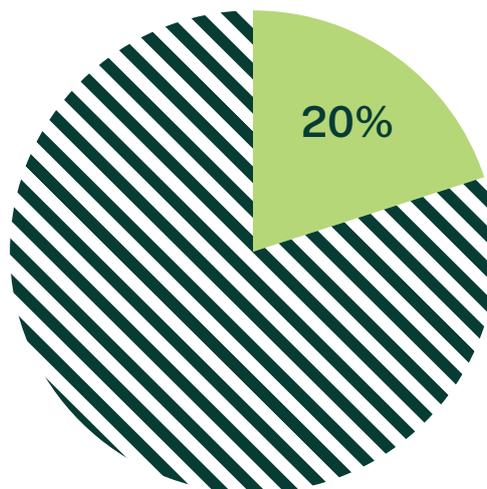
In Akershus, three bicycle lanes of a combined distance of 4,550 metres were completed in 2022. Fjellinjen contributed 68.1% of the funds, equal to 3,097 metres of completed bicycle lanes.

The maximum cost limit for the Fornebu Line is 31.3 BNOK. Fjellinjen's contribution in 2022 was 0.4% of this amount. When completed, the Fornebu Line is estimated to be able to transport 8,000 people per hour.

Share of green bonds of total bond portfolio as of 31.12.2022:

 Green bonds

 Ordinary bonds



Examples of Projects funded by Green Bonds

The Fornebu Line

Road tolls collected by Fjellinjen finances a share of the Fornebu Line, which is planned to be completed in 2029.

The Fornebu Line is one of the transportation projects which is being partially funded by road tolls. The Fornebu Line has a budget of around 26 BNOK with a maximum limit of 31.3 BNOK. 9.5 BNOK of this is to be funded by road tolls from Fjellinjen.

The construction process is underway and is planned to be completed in 2029. The journey time from Majorstuen to Fornebu will be reduced by 50%, from 24 minutes today to 12 minutes. The new metro extension will be able to transport more than 8,000 passengers per hour.

The Fornebu Line is important for future growth in the Oslo region and will provide a more efficient public transportation system for the entire region.

Fornebu is located in Bærum municipality in Akershus. It is planned that 20,000 new jobs will be created at Fornebu. According to the municipal sub-plan, 11,000 new homes will be built in the area.

Facts about the project:

- The new line is around 7.7 km long.
- The entire line runs in a tunnel.
- Six new metro stations will be built between Majorstuen and Fornebu.
- The State is financing up to 50% of the Fornebu Line, in addition to funds from Fjellinjen, landowner contributions and the Urban Environment Agreement between the State, Oslo municipality and Viken County Council.

Image: Visualization by Zaha Hadid Architects and A-lab



New signalling system on the Oslo Metro

Road tolls will fund a state-of-the-art signalling system for the Oslo Metro. The new signalling system will be completed in 2028 and will result in eight additional departures per hour.

The total cost for the new signalling system is estimated to be 5.4 BNOK. This will be partially funded by road tolls from drivers of vehicles passing through Fjellinjen's toll stations.

Much of the current signalling system for the Oslo Metro is based on technology from the 1960s, a system which is time consuming and expensive to maintain. There is therefore an urgent need to replace it with a new signalling system.

The new signalling system, delivered by Siemens, is based on a signalling technology called Communication Based Train Control (CBTC). This will enable trains to operate at shorter intervals, run more smoothly and be more punctual.

According to Sporveien, CBTC technology is based on wireless communication between trains and infrastructure. In other cities with similar signalling systems, separate wireless networks are usually built for this type of communication. Sporveien will be the first operator in the world to use this system over the public mobile network.

Facts about the project

- Oslo's metro network is 85 kilometres long. Currently, a maximum of 32 trains per hour can pass through the city centre tunnel between Majorstuen and Tøyen.
- With the new signalling system, this will increase to a minimum of 36 trains and a maximum of 40 trains per hour, or additional eight trains per hour.
- With the new signalling system, the trains will run more smoothly at a higher average speed, and several multiple units can run simultaneously.
- The agreement between Sporveien and Siemens was signed in 2021, and the new signalling system will be introduced in stages until 2028.



Signalling system with CBTC technology

When the subway gets a new signalling system with CBTC technology, it will be possible to increase the number of passengers through the city center tunnel by several thousand per hour.

Independent Auditor's Report



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To the Management of Fjellinjen AS

INDEPENDENT LIMITED ASSURANCE REPORT ON GREEN BOND REPORT 2022

Independent Limited Assurance Report to the Management of Fjellinjen AS ("Fjellinjen") related to information set out in table in section "Allocation of Proceeds" (the "Selected Information") within Fjellinjen Bond Report for the reporting period ended 31 December 2022.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information, as listed below has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Fjellinjen has engaged us to provide an Independent Limited Assurance Report in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in Fjellinjens' Green Bond Report, for the period ended 31 December 2022 is as follows:

Selected Information in Fjellinjens' Green Bond Report	Applicable Criteria
Table within section <i>Allocation of Proceeds</i> .	Fjellinjens' Green Financing Framework "1 Use of Proceeds".

The scope of our work was limited to conclude whether:

- the proceeds have been allocated to the Eligible Projects as communicated in the table within section *Allocation of Proceeds*.
- the Eligible Projects comply with the criteria in Fjellinjens' Green Financing Framework, "1 Use of Proceeds".

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

Managements' responsibilities

The Management is responsible for:

- ensuring that the Use of Proceeds follows Fjellinjens' Green Finance Framework
- ensuring that the project evaluation and selection, management of proceeds and reporting described in the Fjellinjens' Green Bond Report are in accordance with the purpose defined within Fjellinjens' Green Financing Framework.

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- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the services.
- Confirming to us through written representations that you have provided us with all information relevant to our services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the management.

Our independence and quality management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Obtained an understanding of Fjellinjen's systems and processes for the identification, processing and controls associated with the Selected Information.
- Made inquiries with relevant personnel to obtain an understanding of the process for collecting and reporting the Selected Information and relevant internal controls; but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Performed limited substantive testing on a selective basis of the Applicable Criteria to test whether data has been appropriately measured, recorded, collated and reported.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Use of our report

This report is made solely to the Management of Fjellinjen in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Management of Fjellinjen those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than Fjellinjen and the Management of Fjellinjen, we acknowledge that the Management of Fjellinjen will make this report publicly available, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Fjellinjen and the Management of Fjellinjen as a body, for our work, for this report, or for the conclusions we have formed.

Oslo, 8 May 2023
Deloitte AS

Eivind Skaug

State Authorised Public Accountant (Norway)

