



GREEN BOND FRAMEWORK

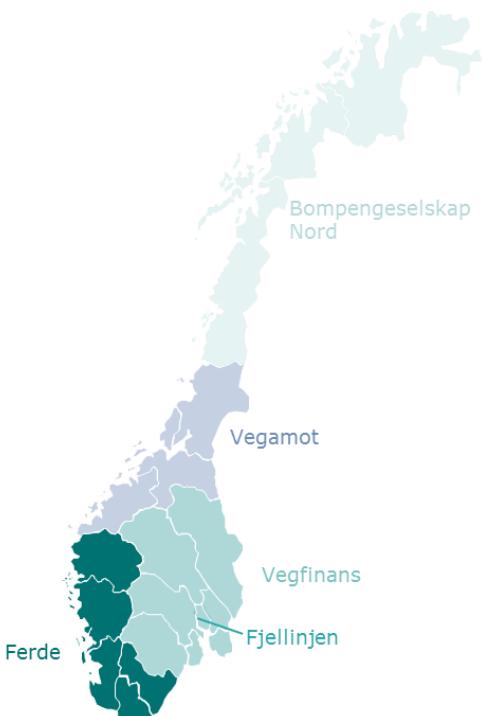
October 2019

An Introduction to Ferde

Ferde AS ("Ferde") is a Norwegian regional toll collection company, established during the National Toll Reform (Norwegian: bompenge-reform) in 2015 when more than 60 local toll collection companies were merged into five regional toll collecting companies to ensure increased user friendliness and higher efficiency in toll collection. Ferde is equally owned by the counties of Sogn og Fjordane, Hordaland, Rogaland, Vest-Agder and Aust-Agder and manages toll collection following government consent and agreements with the Norwegian Public Roads Administration (Norwegian: Statens vegvesen) and Nye Veier AS (Public Roads Act §27).

The purpose of the regional toll collection companies is to use toll funds to finance infrastructure projects in their respective regions, promoting efficient transport solutions for the future. The regional toll collecting companies do not participate in the decision-making process of which infrastructure projects that will be initiated in these regions, but they are responsible for ensuring efficient toll collection and beneficial terms of financing. Infrastructure investments include increasing access to public transport solutions such as light-rail, trams and buses, road-improvement work to advance connectivity and reduce risk of road accidents as well as efficient accessibility for bicycles and pedestrians. The main objective is to increase the accessibility and efficiency of low-carbon transport alternatives and to reduce dependency on personal car transports.

An increasing number of Norwegian toll road projects have introduced environmentally differentiated tariffs to incentivise increased use of low-carbon and zero emission vehicles.



In 2016, Ferde received an Eco-Lighthouse certification, and was recertified again in 2019. The Eco-Lighthouse certification scheme became the first Norwegian scheme to be recognised by the EU. By this, the scheme meets high environmental and quality standards in line with international labelling schemes like EMAS and ISO 140001. By being an Eco-Lighthouse, the company adheres to strict criteria within work environment, procurement, energy, transport, waste management and emissions.



Targeting zero growth for personal car transport

Infrastructure projects in the larger Norwegian cities are usually organised as City Packages (Norwegian: bypakke), a portfolio of a number of small or larger subprojects, which are funded partly by the regional toll collection company and partly by the government.

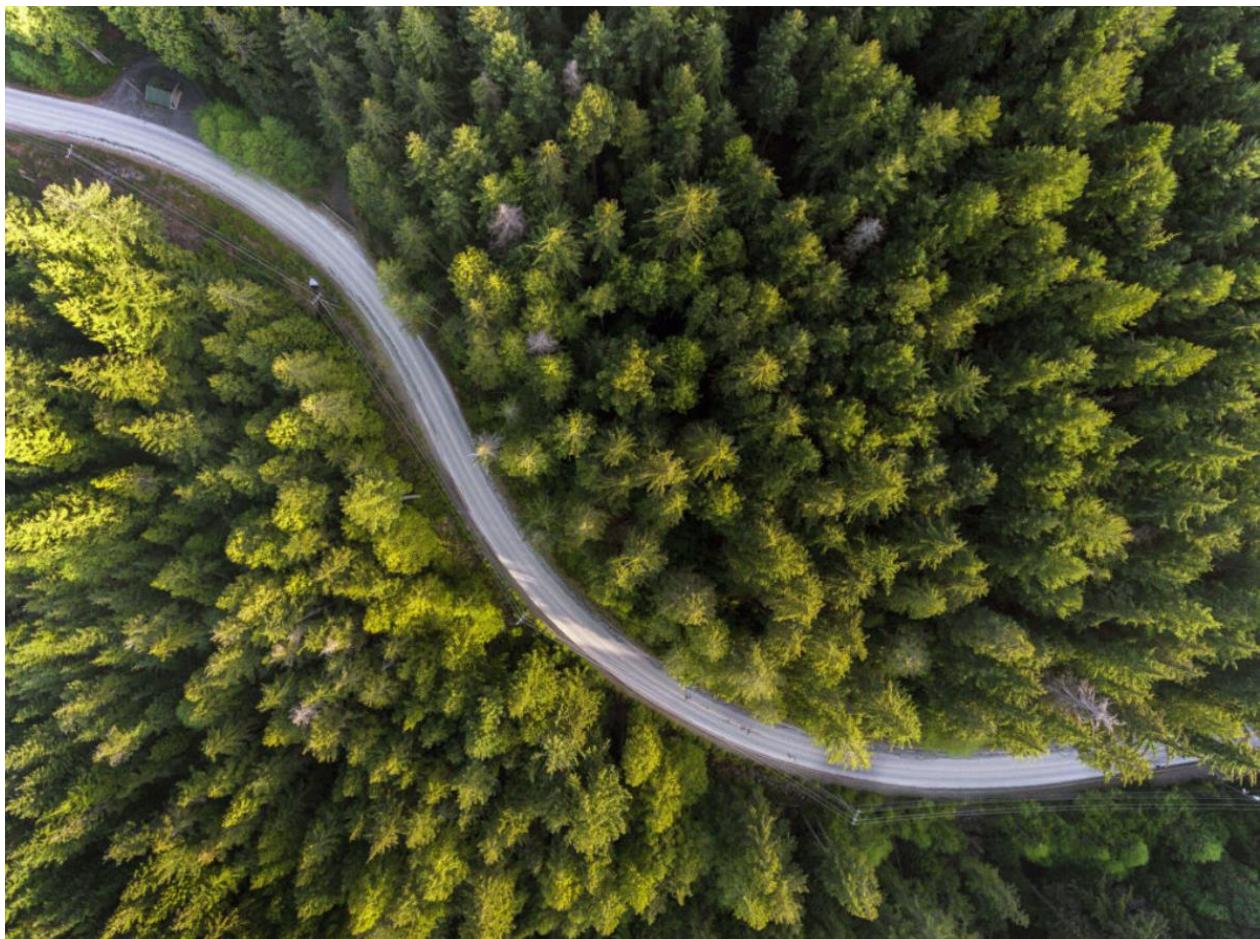
In 2012, the Norwegian government initiated a zero growth target for personal car transport in all larger cities, which was included in the National Transport Plan 2014-2023 and 2018-2029 (Norwegian: Nasjonal transportplan). This means that the growing demand for personal transport should be met by public transport solutions as well as improved accessibility for bicycles and pedestrians, rather than by an increasing number of personal cars.

As an extension to the City Packages, and based on the zero growth target, the City Environment Plan (Norwegian: Bymiljøavtale) was launched. Compared to the City Packages, the government offers additional funding for high quality public transport solutions in the cities involved in the City Environment Plans. As part of these plans, the government also expects municipalities and counties to pursue efficient investment policies

to improve the transport system in line with the zero growth target.

To further strengthen the responsibilities of the municipalities and counties in promoting environmentally sustainable growth, the City Development Plan (Norwegian: Byutviklingsavtale) was launched in 2015. This agreement provides additional clarity around the expectations of the City Environment Plans, and specifies concrete responsibilities between the government, the counties and the municipalities.

To coordinate the infrastructure investment plans in the largest Norwegian regions, the government has decided to integrate the City Environment Plans and the City Development Plans into City Growth Plans (Norwegian: Byvekstavtaler). In the National Transport Plan 2018-2029, the Norwegian government has set aside NOK 66.4 billion for City Environment Plans and City Growth Plans which together with toll funds will finance public transport, bicycle and pedestrian pathways as well as train station developments.



Infrastructure investments funded by Ferde's toll collection

Ferde will contribute to the financing of several infrastructure projects in the counties of Sogn og Fjordane, Hordaland, Rogaland, Vest-Agder and Aust-Agder. The list of projects as of 2019 is shown below, where three projects that stand out with a high component of environmental friendly subprojects, are described in more detail on the following pages.

1. Førdepakken
2. Nordhordlandspakken
3. Vossapakken
4. Askøypakken
5. Bybakke Bergen
6. E39 Svegatjørn-Rådal
7. Hardangerbrua
8. Kvammapakken
9. Austevollsbrua
10. Årsnes ferjekai
11. Jondalstunnelen
12. Bømlopakken
13. Stordalstunnelen
14. Haugalandspakken
15. T-forbindelsen
16. Rogfast
17. Finnfast
18. Bypakke Nord_j Nor
19. Gjesdal
20. Samferdselpakke for Kristiansandsregionen
21. E39 Kristiansand – Lyngdal
22. E18 Tvedestrand – Arendal
23. Ryfast



City Growth Plan for Bergen

(Norwegian: Byvekstavtale Bergen)

The City Growth Plan for Bergen was approved in 2017 and covers investments of approximately NOK 30 billion over a 20-year period. Over this time period, the population of Bergen is expected to increase by 20.000 people, which in terms of transport means an additional 100.000 travels per day.

In accordance with the zero growth target for personal car transport, the increasing demand for transport should be met by low-carbon and environmentally sustainable transport solutions and with an overall objective to reduce greenhouse gas emissions. Investments will focus on extending and improving current light rail capacity, increasing public bus services and improving travel conditions for cyclists and pedestrians. New areas should always be planned from the pedestrian's perspective and the investment plans include a main bicycle route of 115 kilometers as well as local routes of 250 kilometers. The regional train service, Bybanen, is a central part of the public transport network in the Bergen region, and the City Growth Plan involves adding additional rail kilometers as well as increasing capacity of existing lines and stations.

As more travelling is shifted from car transport to public transport solutions as well as by using bicycle and pedestrian pathways, some central city roads will be reserved for buses, further decreasing greenhouse gases in the city centers.

City Environment Plan for Nord-Jæren

(Norwegian: Bymiljøpakken Nord-Jæren)

The City Environment Plan for Nord-Jæren was approved in 2014 and includes investments of approximately NOK 30 billion in roads, bus lanes, bicycle lanes and pedestrian pathways to be finalized by 2033. Investments will include road improvement works as well as separate heavy transport, bus and bicycle lanes with the goal of improving transport efficiency for all.

The regional train service, Jærbansen, is an important part of the public transport offering in the region and investments are now also being made in a main bus road connecting relevant parts of the region. Approximately 58% of the population in Nord-Jæren lives along the planned bus route, and given increasing housing developments in the area, the number is expected to increase further. Investments in bicycle and pedestrian roads will also be prioritized along the bus route.



Hardanger Bridge in the County of Hordaland which in addition to car lanes also provides pedestrian pathways and bicycle lanes.

Nordhordlandspakken

Nordhordlandspakken was approved in 2014 and includes investments of approximately NOK 2 billion in Lindås, Meland, Radøy, Fedje, Austrheim, Masfjorden and Modalen municipalities. The region is expecting its population to grow from 35.000 to 45.000 before 2030, and is therefore in need of upgrades and expansion of existing transport solutions.

Planned investments include road improvement works to reduce the number of traffic accidents, better travel conditions for cyclists and pedestrians, better access to public transport and other environmentally friendly transport solutions.

Ferde and Green Bonds

To promote low-carbon and climate-resilient growth, investments in environmentally friendly transport solutions are necessary. Toll collection is an important funding source for improving access to public transport in Norwegian counties and municipalities. To promote these investments, Ferde has decided to issue Green Bonds and have therefore developed this Green Bond Framework.



Green Bond Framework

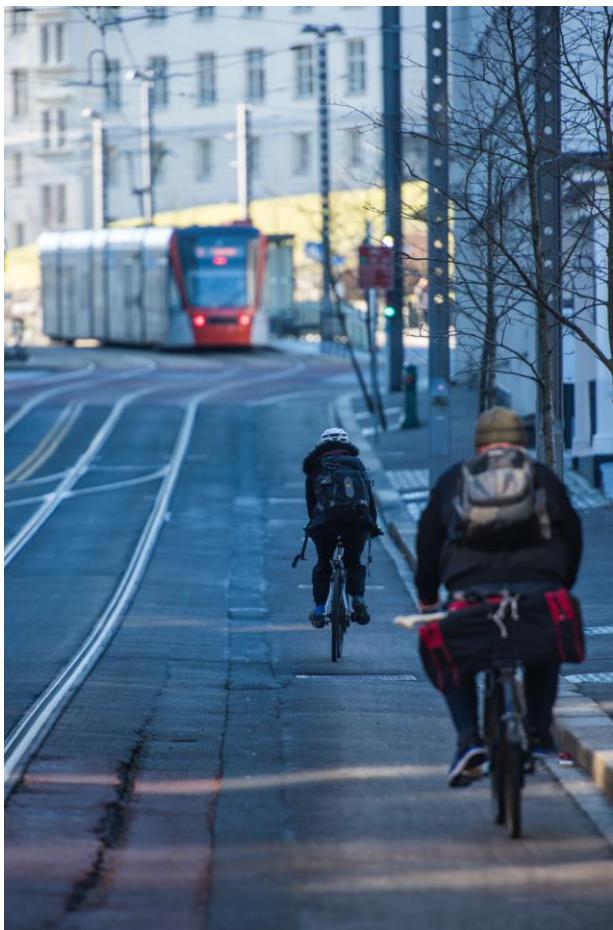
This Green Bond Framework is aligned with the Green Bond Principles published in 2018 by the International Capital Markets Association and has been prepared in cooperation with DNB. Recognizing that the Green Bond market and best practices are still evolving, Ferde will follow market developments and when deemed necessary by the company, make appropriate updates to this Green Bond Framework.

Use of Proceeds

Net proceeds from Ferde's Green Bonds will be used to finance a portfolio of assets and projects with environmental benefits that promote the transition towards a low-carbon and climate-resilient society. Only such assets and projects that comply with the list of Eligible Assets and Projects below are deemed eligible for Green Bond funding. Funds can be used for the financing of new assets and projects, as well as for refinancing. For the avoidance of doubt, Green Bonds 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.

Eligible Assets and Projects

Ferde's Green Bonds will be used to finance assets and projects related to low-carbon transport in the five counties of Sogn og Fjordane, Hordaland, Rogaland, Vest-Agder and Aust-Agder. The aim is to increase the capacity and energy efficiency of public transport and improve the accessibility for bicycles and pedestrians, thereby reducing road traffic growth and carbon emissions related to transport. The following investments and expenditures are deemed eligible for Green Bond funding:



- **Rail transport:** Trams and light rail transit lines, including the construction of new lines as well as capacity upgrades of existing lines and stations.
- **Road infrastructure for low-carbon transport:** New, as well as improvement works to existing, road lanes dedicated to low-carbon transport. These include lanes dedicated to low-carbon transport such as public transport, electric/hydrogen vehicles and personal cars with more than two passengers (Norwegian: kollektivfelt and/or sambruksfelt)*.
- **Pedestrian pathways**
- **Bicycle lanes and tunnels**

*Please note that the definition of these lanes (Norwegian: kollektivfelt and sambruksfelt) is set by the Norwegian Public Roads Administration and may change over time.

Process for Project Evaluation and Selection

Ferde has set up an internal Green Bond Committee, consisting of three representatives from Ferde's Management Team, including the CFO. The Green Bond Committee will be responsible for evaluating the infrastructure projects initiated by the counties and municipalities within Ferde's toll collection area, and selecting those that are eligible for Green Bond funding in accordance with the Eligibility Criteria defined above.

All decisions will be made in consensus and if there are disagreements or uncertainties, the Green Bond Committee will engage external and independent advice to reach a conclusion.

The Green Bond Committee will be in charge of potential oversight of the Eligibility Criteria dependent on future market developments, and when deemed necessary make appropriate updates to the Green Bond Framework. The decisions made by the Green Bond Committee will be documented and filed.

Management of Proceeds

For regulatory reasons, each infrastructure project will have a separate account. Each Green Bond issued will be related to a specific set of infrastructure projects and thereby credited to the relevant project account. Within each project account, Ferde will keep records of the share of green versus regular funds.

The net proceeds from issued Green Bonds will be earmarked for financing and refinancing of Eligible Assets and Projects as defined by this Green Bond Framework.

If an asset or project financed by Green Bonds no longer qualifies as eligible according to the Eligibility Criteria, the asset or project will be replaced by other assets or projects that meet the criteria. The Finance Department of Ferde will ensure that the amount of eligible assets and projects at all times exceeds the total amount of Green Bonds outstanding.

Net proceeds from Green Bonds awaiting allocation to Eligible Assets and Projects will be managed according to the overall liquidity management policy of Ferde and may be invested in short term money market instruments and cash.



Reporting

To enable investors and other stakeholders to follow the development of Ferde's issuance of Green Bonds and of the assets being funded, an investor letter will be made available on the company's website. The investor letter will include an allocation report and an impact report and be published annually as long as there are Green Bonds outstanding.

As projects can be co-funded with the Norwegian Government and the respective counties and municipalities, Ferde will report the company's financing share of each project.

Allocation reporting

- Amounts invested in each of the investment categories described under Use of Proceeds and the amount of new financing versus refinancing
- Examples of assets or projects that have been financed by Green Bonds
- The amount of Green Bonds outstanding
- The amount of net proceeds awaiting allocation to Eligible Assets and Projects

Impact reporting

The below metrics are based on the recommendations in the Position Paper on Green Bonds Impact Reporting published by a group of Nordic public sector issuers in 2019.

- Number of kilometers of new train lines, including finalised projects as well as those under construction
- Number of kilometers of new low-carbon transport lanes, including finalised projects as well as those under construction
- Number of kilometers of new pedestrian pathways, including finalised projects as well as those under construction
- Number of kilometers of new bicycle lines and tunnels, including finalised projects as well as those under construction
- Where available, estimated GHG emissions reduced and/or avoided on project level*
- Where available, estimated reduction in car use*

*Calculations on estimated GHG emission reduction are frequently made at project level by the relevant authority responsible for the specific project, such as the municipality or the county. Estimations for car traffic being replaced by lower-carbon alternatives are also made for certain projects. As such data is calculated and owned by the project owner, Ferde cannot guarantee data availability over time but where available, it is Ferde's intention to report on such data.

External Review

Ferde has obtained a second opinion from CICERO Shades of Green to confirm the transparency of this Green Bond Framework and its alignment with the ICMA Green Bond Principles 2018. The second opinion will be made available on Ferde's website together with this Green Bond Framework.