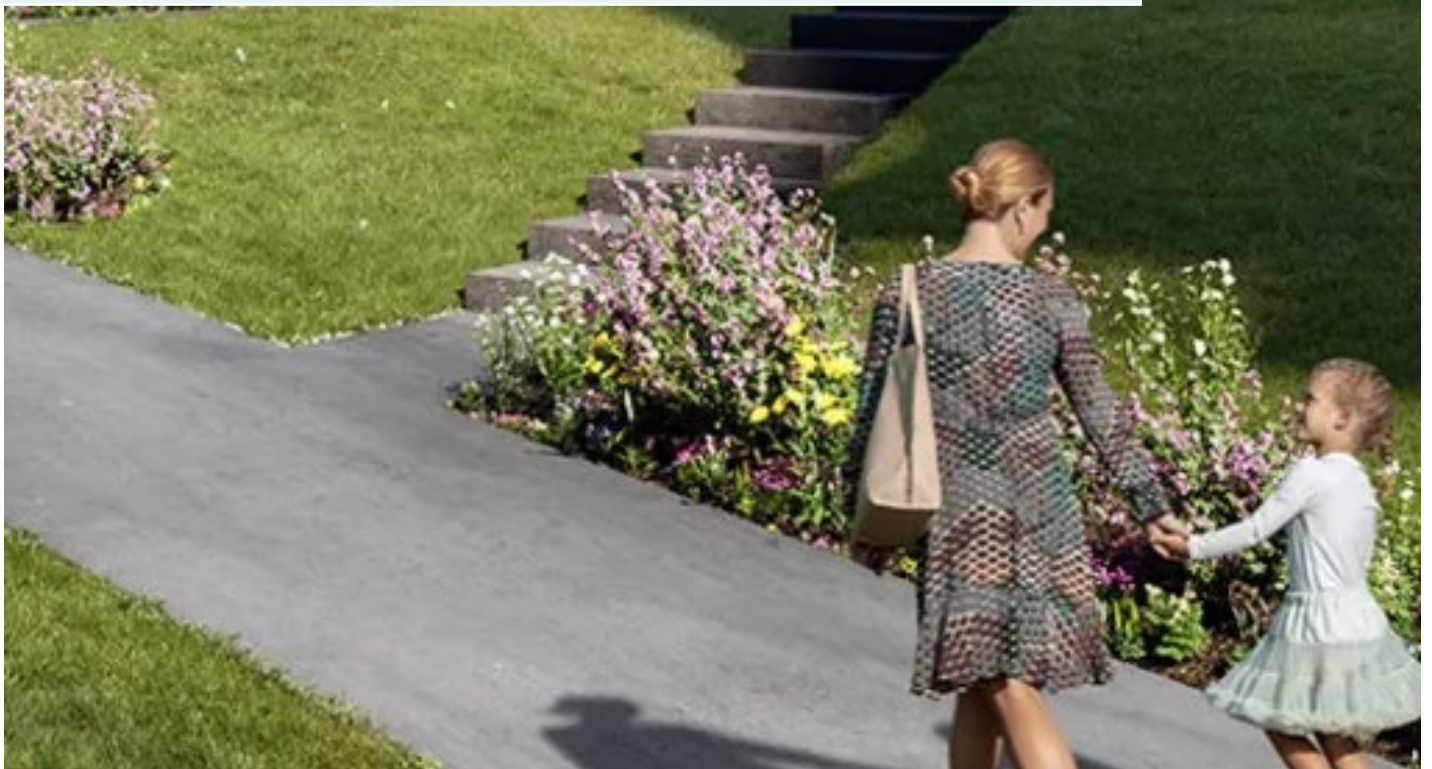




Green Bond Framework

June 2024



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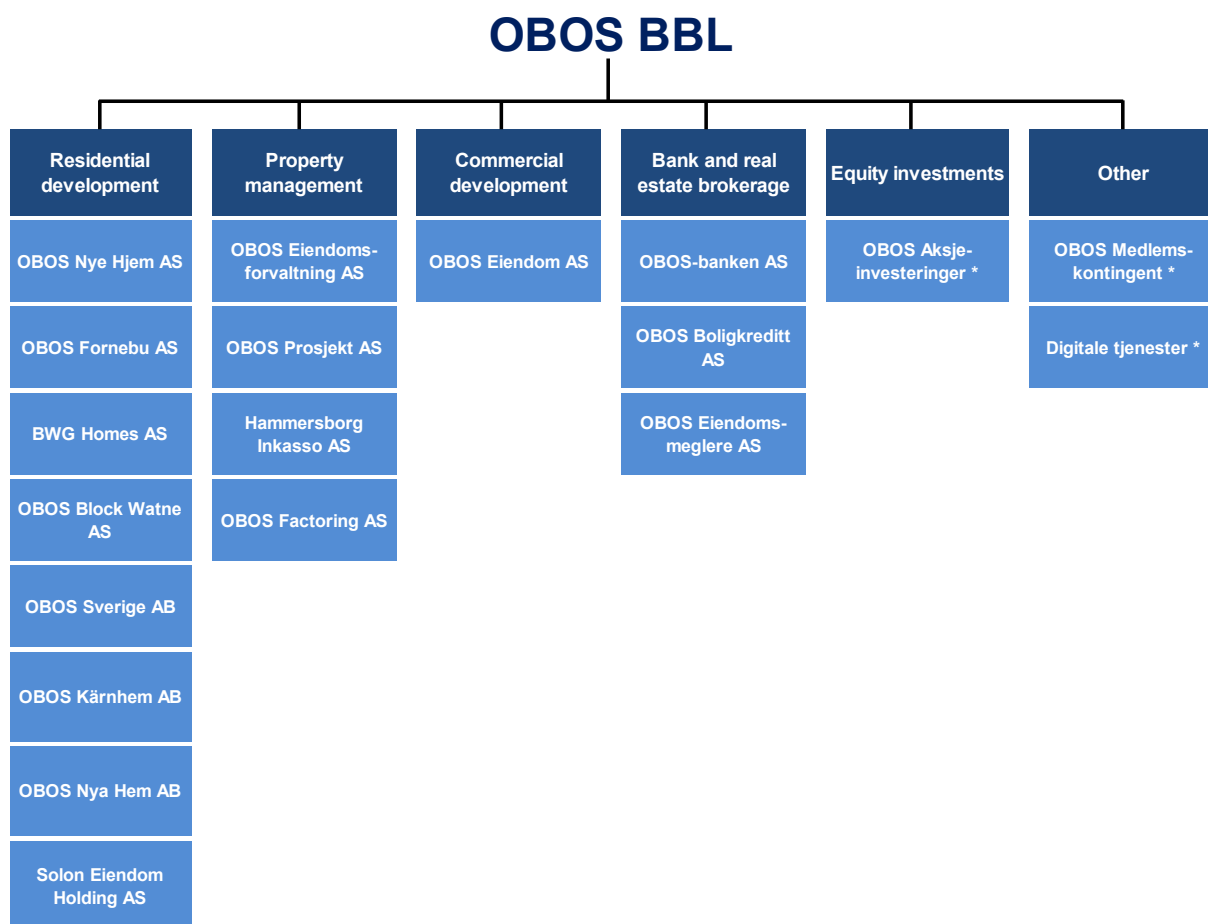
OBOS

One of the largest property developers in Norway

OBOS is a member owned organisation established in 1929 with the purpose to develop and provide housing to its members. Today OBOS is one of the largest property developers in the Nordics, developing both residential and commercial buildings as well as providing management services to housing associations. OBOS also provides bank services, real estate brokerage, engages in activities that benefit its members (its owners) and invests in start-ups. OBOS's vision is to develop "societies of the future" and fulfil people's housing dreams. All of OBOS's profits are reinvested in the organisation to ensure further development of housing to its members.

At the beginning of 2024, OBOS had more than 580 000 members, managed more than 280 000 individual dwellings, employed over 2 300 and had annual revenues of MNOK 16 678 (for fiscal year ending 31 December 2023).

This framework covers OBOS BBL and all wholly-owned subsidiaries. Eligible Projects, as defined in this framework, will reside within all companies in the group, as illustrated in the figure below.



* Departments at OBOS holding company level

The Sustainability team in OBOS is legally employed in OBOS BBL, but placed under OBOS Eiendom AS. The Treasury team is placed within OBOS BBL and its head reports directly to the CFO of OBOS group. The Treasury team works to serve all legal entities of OBOS except for OBOS-banken. OBOS-banken has a separate treasury team. For more information regarding the OBOS BBL organisation, please go to the OBOS website and OBOS Annual Reports¹.

Towards a more sustainable society

Sustainability strategy

Sustainability and social responsibility are central to the management and development of OBOS. In the 2021–2026 strategy, one of the main goals for OBOS is to work towards a more sustainable society. This strategy is further specified with the following sub-goals:

- Enable more people to be able to buy their own homes, by offering potential buyers alternative ownership programs (e.g. OBOS Deleie and OBOS Bostart)
- To be a competent property developer that focuses on social sustainability and vibrant neighbourhoods
- Develop more carbon neutral new buildings by reducing CO₂ emissions from new buildings by 45% in 2026 and 95 % in 2050 (net-zero) in accordance with OBOS's reference value
- Contribute to energy efficiency in the existing housing stock

OBOS and Sustainability

In 2023 OBOS conducted a double materiality analysis in line with the principles of CSRD. The following sections present the most significant areas of sustainability identified for OBOS and a brief introduction to how we work with them.

Climate Change:

More than 80% of OBOS's emissions originate from construction of new buildings. Thus, since 2021 OBOS has worked on and succeeded in reducing the emissions from new buildings. Reduction is obtained by reducing the amount of material used in construction by optimising designs and focusing on developing more energy efficient buildings. CO₂ reduction remains an important topic for OBOS, and we aim to reduce our emissions from new buildings to net zero in 2050, in line with the goals in the Paris agreement. Further actions to ensure reductions will include installation of renewable energy productions in buildings (e.g. solar), use of materials with reduced CO₂ emissions, use of recycled and reused materials and use of fossil- and emission free transportation.

Climate change is also a significant area for OBOS-banken. OBOS-banken aims to reduce emissions in its lending portfolio, and currently offers "green loans" to properties with an EPC of A or B or buildings with BREEAM-NOR "Very Good" or Nordic Swan certification.

¹ <https://www.obos.no/bedrift/ir>

Resource-use and circular economy

OBOS, as a large developer, has a significant impact on resource use. Not only does the use of resources affect our CO₂ emissions, but with possible shortage and increased cost of materials, it is our responsibility to ensure that we work to minimize the use and reduce waste.

Circular economy and circular processes are important areas for OBOS. If there are existing buildings on the site where we develop new homes or commercial buildings, a simple feasibility study of the existing buildings must be carried out to assess whether rehabilitation and conversion is possible. Going forward, OBOS will demand more reuse in its new projects, while at the same time emphasising that robust materials and solutions with a long lifespan are chosen - which will contribute to lower greenhouse gas emissions over a building's lifetime. In the future, OBOS will also assess whether the products used in new buildings are suitable for reuse and material recycling.

Biodiversity

When developing new buildings, OBOS may destroy but also rebuild nature. In some areas OBOS transforms industrial brownfields into new vibrant neighbourhoods, hence improving and reestablishing biodiversity in a previously dilapidated area. In other areas, OBOS develops new residential projects on previously untouched land. When developing projects on greenfield land OBOS takes action to minimize the impact on biodiversity. OBOS is in the process of mapping the biodiversity and nature risk on all currently owned properties, and will during 2024 develop a biodiversity strategy for the organisation.

Affected communities

OBOS focuses on investing in the creation of sustainable neighbourhoods where residents can conveniently access their daily necessities within close proximity. OBOS aims to make it easy to walk, cycle, and use public transport, and arrangements are also made for charging electric cars, as well as car and bike sharing schemes in all projects. Additionally, there is an emphasis on creating inclusive outdoor areas for activity, socialisation, and urban cultivation.

In 2019 the OBOS general meeting decided that up to 10% of the previous year's profit after tax may be invested in social sustainable activities that enhance vibrant neighbourhoods. Since then, funds have been distributed to research and development, culture, sport, CSR and the environment. OBOS supports a high number of sport clubs, associations and organisations. OBOS has also developed a "public participation process model" which is used when planning new development areas to ensure public participation and input in the development process.

Consumers and end-users

Rising house prices make it increasingly difficult for first-time buyers to enter the housing market. With the social housing models Bostart and Deleie, OBOS is working to lower this threshold for members by requiring less equity and loans. With OBOS Deleie members may purchase a minimum of 50% of a given home. Members enter into a lease agreement with OBOS for the share that OBOS owns and pay market rent for this portion. The owner has an option to increase their ownership. OBOS Bostart enables OBOS members to purchase a home with a discount to its labelled price whilst OBOS keeps a buy-back option in case the owner wishes to sell in the future. OBOS-banken was the first mover in providing private loans for clients buying under the Deleie model in Norway.

Green Bond 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 promotes integrity in the development of the green bond market by clarifying the approach for issuing a green bond. OBOS's Green Bond Framework is structured in accordance with the 2021 ICMA Green Bond Principles (GBP) and June 2022 Appendix. The framework therefore consists of the four core components of the GBP as well as the 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 OBOS's intention to follow best practices in the market as the standards develop, and this Framework may therefore be amended and/or updated to reflect these changes in market practice.




Exclusions

Proceeds from Green Bonds will not be allocated to projects for which the purpose of the Eligible Assets and Projects is fossil energy production, nuclear energy generation, environmentally harmful resource extraction, gambling, or tobacco.



1. Use of Proceeds

The net proceeds of the Green Bonds issued by OBOS will be used to finance or re-finance Eligible Projects that have been evaluated and selected by OBOS in accordance with this Green Bond Framework. The distribution between new and refinanced Eligible Projects will be described in the annual Green Financing Investor Report.

Categories	Eligible Projects	SDGs & GBP Environmental Objective
Renewable Energy	<p>Proceeds may be used to finance the acquisition, development, expansion, operation and maintenance of facilities for energy production from renewable sources, as well as supporting infrastructure.</p> <p>Renewable energy sources pertain to:</p> <ul style="list-style-type: none"> • Solar energy • Small scale geothermal energy • Local energy solutions (e.g. excess heat but excluding fossil fuel-based sources) 	<p>Environmental Objective: Climate Change Mitigation</p> <p>SDGs: 7.2, 8.4</p>  
Green Buildings	<p>Proceeds may be used to finance the construction and/or acquisition of new or existing commercial and residential properties under OBOS BBL. For OBOS-banken and OBOS Boligkreditt, proceeds may also be used to finance loans to private consumers and or housing companies (incl. housing cooperations; borettslag og sameier) in relations to purchase or ownership of assets which meet the following criteria.</p> <p>Built after 31st December 2020² which meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • Primary Energy Demand is, or will be, 10% lower than the threshold for NZEB requirements in national measures. The energy performance is or will be certified using an Energy Performance Certificate (EPC). • Certified with Swan Eco Label, Passive House or BREEAM-NOR Very Good with EPC A or B • Buildings which meet the EU Taxonomy's Substantial Contribution Criteria (SCC) to at least one of the environmental objectives, as well as all applicable Do No Significant Harm (DNSH) criteria, for activities within the sector "Construction and real estate activities". Alignment will be documented by a third-party. <p>Built on or before 31st December 2020 which meet at least one of the following criteria:</p>	<p>Environmental Objective: Climate Change Mitigation</p> <p>SDGs: 11</p> 

² Built after 31st December 2020 is defined as buildings which received a building permit (Norwegian: rammesøkt) after 31/12/2020

- EPC class A, or a Primary Energy Demand which is within the top 15% of the national or regional building stock³
- Certified with Swan Eco Label, Passive House or BREEAM-NOR Very Good with EPC A or B
- Buildings which meet the EU Taxonomy's SCC to at least one of the environmental objectives, as well as all applicable DNSH criteria, for activities within the sector "Construction and real estate activities". Alignment will be documented by a third-party.

Improving existing building stock which meet at least one of the following criteria:

- Renovations of existing buildings that either lead to a reduction in the Primary Energy Demand of at least 30%, or where the building meets the applicable national and regional building regulations for 'major renovation' according to Directive 2010/31/EU, OR
- Renovations or activities which meet the EU Taxonomy's SCC and DNSH criteria to at least one of the environmental objectives, for activities within the sector "Construction and real estate activities". Alignment will be documented by a third-party.

Note: Over time, as a result of OBOS's Environmental Strategy, the company expects the share of properties in its portfolio with EPC class A and B to increase

2. Selection and evaluation of eligible projects

OBOS has established a Green Bond Committee (GBC) to oversee the process for selecting and evaluating Eligible Projects that are in line with the criteria set out in the "Use of Proceeds" section. The GBC consists of the CEO, CFO, CEO (OBOS Boligkreditt), the Director of Finance (who holds the chair position) and the Environmental Director (who holds a veto). The Green Bond Committee oversees the process of selecting projects for Green Bond issuance by OBOS BBL, OBOS Eiendom, OBOS-banken and OBOS Boligkreditt, including all relevant wholly owned subsidiaries, according to the respective Eligibility Criteria.

The Green Bond Committee is responsible for:

Evaluating the compliance of proposed projects with the eligibility criteria outlined in the Use of Proceeds section above, applicable laws and regulations, and OBOS's sustainability strategy and policies.

³ Until a definition of the top 15% of the national or regional building stock is developed for Norway, OBOS define the top 15% using the thresholds proposed by NVE to the Ministry of Energy in 2023, or buildings built according to the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17) in cases where data on energy is not available.

Ensuring that the pool of Eligible Projects is aligned with the categories and criteria as specified in the Use of Proceeds section.

Replacing assets and projects that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity/project-characteristics with eligibility criteria, regulatory changes etc.)

On a best effort basis, reviewing, modifying, and updating the content of the Green Bond Framework, and managing any future updates of this document to reflect relevant changes in OBOS's corporate strategy, technology and market developments and/or regulatory changes.

Environmental and social risk management:

OBOS operates under the precautionary principle as documented in OBOS's annual sustainability report, and reports in line with the Global Reporting Initiative (GRI) and the Task Force on Climate-Related Financial Disclosures (TCFD) framework. Going forward, OBOS will report in accordance with the Corporate Sustainability Reporting Directive (CSRD). All corporate entities within OBOS Group evaluate environmental, social, and governance (ESG) risk on a corporate level, and all new projects and existing buildings evaluate the physical climate and nature risk for its specific location. As for social risks, OBOS is a socially considerate organisation and collaborates with its members, local communities and local authorities to develop vibrant neighbourhoods that do not discriminate. We also work with our suppliers to mitigate social risks in the value chain using Norway's Transparency Act ("Åpenhetsloven") as a guidance. OBOS-banken evaluates ESG risk for all loans to housing companies (borettslag and sameier) in accordance with internal procedures.

3. Management of proceeds

OBOS will establish a Green Bond Register within each issuing entity, with the purpose to monitor Eligible Projects financed by the Green Bonds issued by each entity as well as provide an overview of the allocation of the net proceeds from the Green Bonds issued to the respective Eligible Projects. The value of the Eligible Projects detailed in the Green Bond Register will at least equal the aggregate net proceeds of all outstanding OBOS Green Bonds.

If an asset ceases to fulfil the eligibility criteria during the life of the green bonds, OBOS will remove the asset from the registry and replace it when necessary for the balance as soon as reasonably practicable.

There may be periods when the total outstanding net proceeds of Green Bonds exceed the value of the Eligible Projects in the respective Green Bond Registers. Proceeds yet to be allocated towards eligible assets will be held in accordance with the respective issuing entities liquidity management policies. Unallocated proceeds will, on a best effort basis, be invested in eligible green, social or sustainable bonds.

In the unlikely event that OBOS will have more outstanding green debt than there are eligible green projects, OBOS will keep the unallocated amount on an escrow account and/or in money market funds.

4. Reporting

Within one year of the first issuance and as long as there are Green Bonds outstanding, OBOS will provide an annual Green Bond Investor Report detailing the allocation and impact of Green Bonds issued under this framework. The report will contain:

- A list of Projects financed by Green Bonds
- Closer descriptions of specific Projects, including certifications and impact metrics.
- Amounts invested in each Eligible Asset and Project as well as potential funds still available in the earmarked account.
- A summary of other related activities undertaken during the year

OBOS may, subject to its own discretion, choose to publish separate reports for Green Bonds issued under OBOS BBL, OBOS Eiendom OBOS-banken or OBOS Boligkreditt.

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 (e.g. if a Green Building is under construction but not yet operational, OBOS will provide best estimates of future energy performance levels). The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

GBP Categories	Example of impact indicators
Renewable energy	<ul style="list-style-type: none"> • Installed capacity (MW) per technology • Expected annual generation (GWH) per technology
Green buildings	<ul style="list-style-type: none"> • Number of energy efficient buildings financed • Number of buildings with respective energy labels A, B • Number of buildings which meet the EU Taxonomy’s Substantial Contribution Criteria • Number of buildings with certifications and type of certification • Average energy efficiency (KWh/m2 per year)⁴

5. External review

Second party opinion (pre-issuance)

To secure alignment with national and international guidelines, OBOS has engaged S&P Cicero to act as an external verifier of this Green Bond Framework and the Eligible Projects.

Third-Party Review (post-issuance)

OBOS has appointed an external third party to annually assure that the selection process for the financing of Eligible Projects and that the allocation of the net proceeds of the Green Bonds are done in accordance with OBOS’s Green Bond Framework.

Publicly Available Documents

The Green Bond Framework, the second party opinion, the third-party review and the Green Bond Framework’s related reporting, will be publicly available on OBOS’s website.

⁴ Applicable only for commercial buildings