

Green Bond Framework

June 2021



Company Overview

The OBOS Organization

OBOS is a member owned organization 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 and engages in activities that benefit its members (also known as its owners). OBOS' vision is to develop societies of the future and fulfil people's housing dreams.

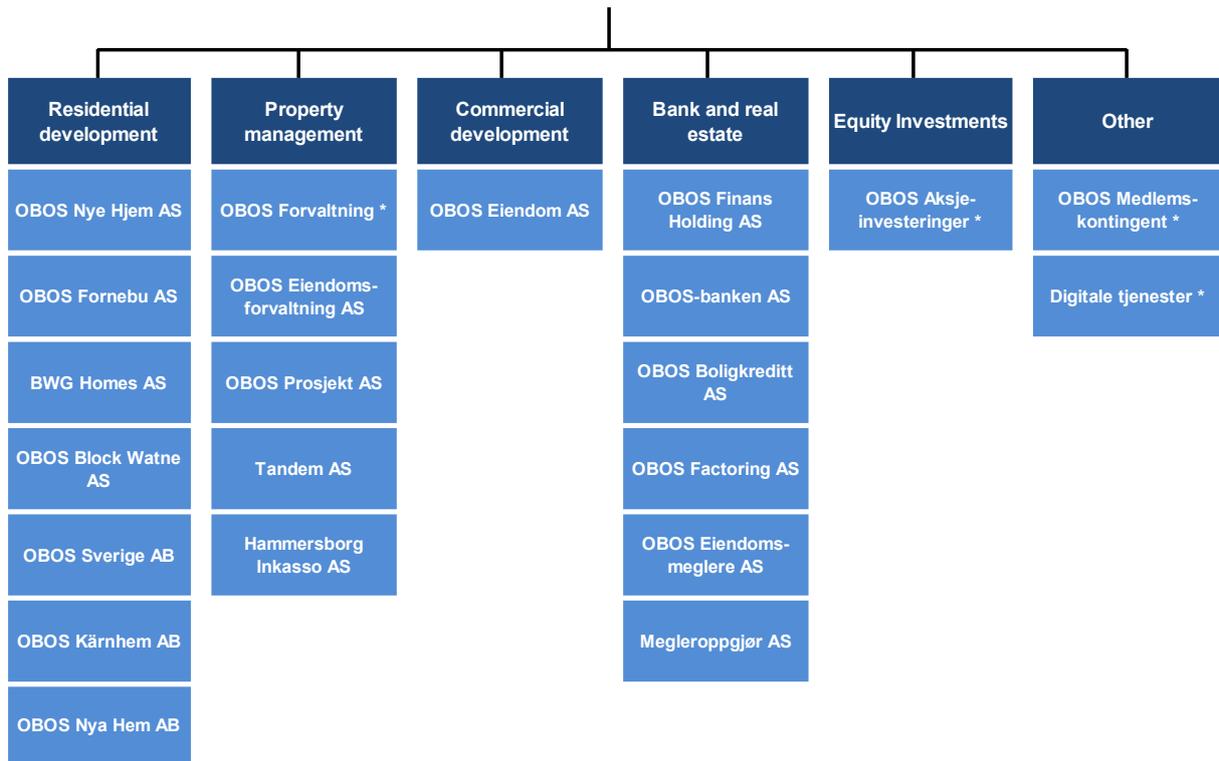
At the beginning of 2021, OBOS had 502 527 members, managed around 245 517 housing units, and had annual revenues of MNOK 12.245 (for fiscal year ending at 31 December 2020).

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



The Sustainability team in OBOS is formally placed under OBOS Eiendom, but serves the entire organisation and all legal entities within OBOS BBL. The Treasury team is placed under OBOS BBL and reports directly to the CFO of OBOS BBL. The Treasury team works to serve all the legal entities of OBOS. For more information regarding the OBOS BBL organisation, please go to the OBOS website and OBOS Annual Reports (<https://www.obos.no/bedrift/ir>).

OBOS BBL



* Departments at OBOS holding company level

Figure 1 : OBOS BBL

Towards a more sustainable society

In 2020, OBOS launched a new overall strategy for the period 2021-2026, where one of 3 main focus areas is “working towards a more sustainable society”



Figure 2 : Outline of OBOS’s Sustainability Strategy

The new strategy builds on the previous strategy “taking environmental responsibility”, but aims to develop the organisation further by setting more ambitious targets.



A more sustainable society

1. More Carbon neutral new buildings

In the previous strategy period OBOS worked towards carbon neutral office activities and to ensure that all new projects had an environmental strategy. The target was met, and the new strategy is developed further to include the following targets

- By 2026, 45% reduction in CO2 from new buildings (calculated in accordance with NS 3720). In order to meet the target in 2026, OBOS will require calculations of greenhouse gas emissions from all new developments from 2021 followed by gradually introducing reduction targets from 2022.

2. To be a Competent property developer that focuses on social sustainability and vibrant neighbourhoods

- Strive to develop vibrant neighbourhoods, where residential and commercial activities work together to create inviting, safe and sustainable places for people to meet and recuperate
 - i. Established procedures for participation for residents and stakeholders for new developments
 - ii. Established tools to facilitate resident involvement such as Nabohjelp and Vibbo
 - iii. Contribute to local cultural, social and environmental activities through local sponsorships and funding towards local initiatives.

3. Enable more people to be able to buy their own homes, by offering 1000 dwellings annually with alternative financial programs, such as OBOS Deleie and OBOS Bostart.

In addition to the abovementioned strategic targets, OBOS will continue to work with the following:

- Continue to certify new developments with either BREEAM-NOR certification or the Nordic Swan
 - i. With the ambition of BREEAM -NOR Very good for OBOS Nye hjem AS (residential projects) and Excellent for OBOS Eiendom (Commercial buildings)
 - ii. OBOS Sweden has received the licence to build Nordic Swan certified buildings
- Increase number of BREEAM- in used certified buildings in the existing portfolio for OBOS Eiendom
- Increased focus on circular processes (circular economy) by:
 - i. Ensuring that no buildings are demolished before possible use and re-use of the whole, or parts of the building has been evaluated
 - ii. Ensuring that all new buildings are designed for re-use
 - iii. Increasing the use of recycled or re-used materials
- Continue to work with our suppliers and partners to ensure sustainable procurement
- Continue to focus on reducing physical climate risk in our projects and from our business, by improve drainage and prevent erosion and flooding
- Continue to minimise the impact on biodiversity in new developments and existing properties owned by OBOS.

- Increase competence and knowledge among the existing housing associations (“boligselskaper”), in order for them to improve the sustainability standard for their property. Facilitate a more sustainable lifestyle for its members, by administrating frame agreements for car-pool solutions and suppliers of electrical vehicle charging systems to enhance the green mobility in new and existing neighbourhoods.

Green Bonds at OBOS

OBOS’ Sustainability strategy is to “work towards a more sustainable society” throughout its business. Green Bonds play an important role for OBOS to reach its strategic target. Consequently, when developing real estate projects and entering into environmentally sustainable investments, it is natural for OBOS to finance these activities using the Green Bond market.

The OBOS Green Bond Framework covers the issuance from all entities under OBOS BBL. For issuance by OBOS Finans Holding, OBOS-banken and OBOS Boligkreditt, and the related subsidiaries, a separate section outlines the relevant criteria.

Under this framework OBOS may choose to issue Green bonds with various financial formats, such as, but not limited to, Senior, Unsecured and Covered bonds.

This framework has been developed in alignment with the 2018 version of the ICMA Green Bond Principles and current market practice.

Oslo, March 2021

Framework Structure

As part of OBOS continued commitment to sustainability, a Green Bond 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) 2018 and current market practice, and therefore consists of the four key pillars and recommended External Review component.

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



Exclusions

Green Bond net proceeds will not be allocated to Projects for which the purpose of the Eligible Projects 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 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 promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. This Green Bond Framework is based on the 2018 version of GBP. It is OBOS intention to follow best practices in the market as the standards develop and as such the Framework may be updated from time to time.



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 to this Green Bond Framework. Refinancing of Eligible Projects will have a look-back period of no longer than [*] years from the time of issuance.

Eligible Projects

Proceeds from Green bonds issued by OBOS BBL and OBOS Finans Holding, OBOS Banken & OBOS Boligkreditt and its subsidiaries, raise funds for a selected pool of Eligible Assets and Projects with environmentally sustainable benefits. Only such Assets and Projects that comply with the Eligibility Criteria listed below are eligible for Green Bond financing.

OBOS BBL (excl. OBOS Finans Holding, OBOS-banken and OBOS-boligkreditt)

Categories	Eligible Projects	UN SDG's
Renewable Energy	<p>Investment in renewable energy initiatives eligible for Green Bond funding:</p> <ul style="list-style-type: none"> • Solar energy • Small scale geothermal energy • Local energy solutions (e.g. excess heat but excluding from fossil fuel-based sources) 	 <p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>  <p>13. Take urgent action to combat climate change and its impacts</p>

<p>Clean Transportation</p>	<p>Investment in clean transportation initiatives eligible for Green Bond funding:</p> <ul style="list-style-type: none"> • Electrical bike pools • Electrical car pools • Bike sharing systems/Bicycle pools • Electrical Mass transportation (e.g. local “public” transportation busses, trams, trains etc.) • Electric Autonomous vehicles • Electrical vehicle charging systems 	 <p>9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>  <p>11. Make cities and human settlements inclusive, safe, resilient and sustainable</p>  <p>13. Take urgent action to combat climate change and its impacts</p>
<p>Green Buildings</p>	<p>Investments in new and/or existing commercial properties, new residential projects financed by OBOS or other projects that are eligible for Green Bond funding as long as they meet one of the following minimum requirements:</p> <ul style="list-style-type: none"> • BREEAM-NOR “very good” and minimum energy level B • BREEAM in-use certified buildings with a minimum requirement of “Very Good” and energy level B • BREEAM communities projects of “Very Good” with minimum requirement of energy level B for each separate building • Energy Performance Certificate (EPC) level B or above and are expected to receive BREEAM in USE “very good” or above • Park and recreational areas on previous brownfield or industrial land. • Nordic Swan certified projects • Miljöbygnad Silver or better (for Sweden only) • Future Built projects (in accordance with the agreed target CO2 emissions reduction of 50%) 	 <p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>  <p>11. Make cities and human settlements inclusive, safe, resilient and sustainable</p>  <p>12. Ensure sustainable consumption and production patterns</p>  <p>13. Take urgent action to combat climate change and its impacts</p>
<p>Waste Management</p>	<p>Investment in waste management and recycling initiatives eligible for Green Bond funding:</p>	

	<ul style="list-style-type: none"> • Underground waste transportation systems • Local mass waste collection 	<p>12. Ensure sustainable consumption and production patterns</p>
Research and Development Projects	<p>Funding of R&D projects, which aim to develop new knowledge and solutions related to:</p> <ul style="list-style-type: none"> • Renewable energy • Environmentally friendly buildings and neighbourhoods • Development of new more environmentally friendly materials or natural resource preservation 	 <p>9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>  <p>11. Make cities and human settlements inclusive, safe, resilient and sustainable</p>

OBOS Finans Holding, OBOS-banken and OBOS Boligkreditt

Categories	Eligible Projects	UN SDG's
Renewable Energy	<p>Loans to private consumers and building societies for:</p> <ul style="list-style-type: none"> • Solar energy systems • Small scale geothermal energy • Local energy solutions (e.g. excess heat but excluding from fossil fuel-based sources) 	 <p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>  <p>13. Take urgent action to combat climate change and its impacts</p>
Clean Transportation	<p>Loans to private consumers and/or building societies for:</p> <ul style="list-style-type: none"> • Charging stations for Electric Vehicles • Electrical bike pools • Electrical car pools 	 <p>9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>  <p>11. Make cities and human settlements inclusive, safe, resilient and sustainable</p>

<p>Green Buildings</p>	<p>Loans to private consumers and or building associations (boligselskaper) that meet at least one of the following criteria:</p> <p>For buildings built after 2019:</p> <ul style="list-style-type: none"> • BREEAM (Very Good), Svanen Ecolable or Miljöbyggnad Silver or better (for Sweden only) • Buildings with Energy Performance Certificate (EPC) labels A or B and built in accordance with the Norwegian building code TEK17 or later¹ <p>For buildings in Norway built between 2012 and 2019:</p> <ul style="list-style-type: none"> • New or existing apartment buildings built after 2012 that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). • New or existing other residential dwellings built after 2012 that comply with TEK10 or TEK17. <p>For buildings in Norway built before 2012</p> <ul style="list-style-type: none"> • Existing buildings built under older building codes than TEK10 for apartment buildings with EPC-labels A or B <p>Larger renovations</p> <ul style="list-style-type: none"> • Renovations with at minimum improvement of two levels in EPC-label compared to the baseline for the year of construction on building code in the year of construction • Renovations with at least a 30% improvement in energy efficiency measured in specific energy, kWh/m², compared to the baseline for the year of construction on building code in the year of construction • Larger renovation projects to improve drainage in and around the building associations to prevent erosion and flooding 	 <p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>  <p>11. Make cities and human settlements inclusive, safe, resilient and sustainable</p>  <p>12. Ensure sustainable consumption and production patterns</p>  <p>13. Take urgent action to combat climate change and its impacts</p>
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¹ Over time, as a result of OBOS's Environmental Strategy, the company expects the share of properties in its portfolio with EPC labels A and B to increase.

2. Selection and Evaluation of eligible projects

To oversee the process for selection and evaluating projects a Green Bond Committee has been established. It 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 both Green bond issuance by OBOS BBL, OBOS Finans Holding, 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 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

OBOS will establish a green bond register within each issuing entity, with the purpose to monitor eligible assets financed by the green bonds to be issued within each issuing entity. The value of the eligible assets detailed in the green bond register will at least equal the aggregate net proceeds of all outstanding green bonds within each issuing entity.

During the life of the green bonds, if an asset ceases to fulfil the eligibility criteria, 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 assets in the respective green bond registries. 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

Any excess proceeds in the earmarked account will be managed according to OBOS BBL, OBOS Finans Holding, OBOS-banken and OBOS Boligkreditt's overall liquidity management policies respectively. .

4. Reporting

OBOS will provide an annual Green Bond report that will be available at OBOS's website. The letter will include a section on allocation and impact reporting, containing:

- 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 a separate report for Green Bonds issued under OBOS BBL, OBOS Finans Holding OBOS-banken or OBOS Boligkreditt.



Impact Reporting

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	Examples of impact indicators
Renewable energy	<ul style="list-style-type: none"> • Installed capacity (MW) per technology • Expected annual generation (GWH) per technology
Clean Transportation	<ul style="list-style-type: none"> • Number of charging stations and chargers set up • Number of electrical bike and car pools set up • Number of electric bikes and cars made available
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 with certifications and type of certification • Average energy efficiency (KWh/m2 per year)

<p>Waste Management</p>	<ul style="list-style-type: none"> • Type of projects financed
<p>Research and Development projects</p>	<ul style="list-style-type: none"> • Type of projects financed

5. External Review

Second party opinion (pre-issuance)

To secure alignment with national and international guidelines, OBOS has engaged CICERO Shades of Green 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 independent auditor to annually assure that the selection process for the financing of Eligible Assets and that the allocation of the net proceeds of the Green Bonds are done in accordance with OBOS Green Bond Framework.

Publicly Available Documents

The Green Bond Framework, the second party opinion issued by Cicero, and the investor letter will be publicly available on OBOS website.