

# BONHEUR ASA GREEN FINANCE FRAMEWORK

## DNV GL ELIGIBILITY ASSESSMENT

### Scope and Objectives

DNV GL Business Assurance Services Norway AS (henceforth referred to as "DNV GL") has been commissioned by Bonheur ASA (henceforth referred to as "BONHEUR" or "Issuer") to provide an eligibility assessment on BONHEUR's green finance framework (the "Framework"). BONHEUR is an investment holding company listed on the Oslo Stock Exchange, with, currently amongst others, investments in onshore and offshore wind power plants as well as offshore wind turbine transport and installation vessels that support the offshore wind energy sector.

Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

The Framework enables issuance of Green Bonds and Green Loans (together referred to as "Green Finance Instruments") to finance Green Projects and describes BONHEUR's use of proceeds, process for project evaluation and selection, management of proceeds and reporting for Green Projects. The framework has been prepared in cooperation with DNB Bank ASA ("DNB").

The use of Green Finance Instrument proceeds will finance investments dedicated to:

- Renewable energy projects,
- Offshore wind turbine transportation and installation vessels,

with eligible category being *renewable energy – including production, transmission, appliances and products*, as defined in the LMA Green Loan Principles 2020 and ICMA Green Bond Principles 2018.

No assurance is provided regarding the non-Green Loan Principle terms and non-Green Bond Principle terms within the agreement, including non-Green designated Loan or Bond tranches. Our objective has been to provide an assessment that the Green Finance Instruments to be issued under the Framework has met the criteria established on the basis set out below.

### Responsibilities of the Management of BONHEUR and DNV GL

The management of BONHEUR has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform BONHEUR's management and other interested stakeholders in the Green Finance Instruments as to whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by BONHEUR. DNV GL is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by BONHEUR management and used as a basis for this assessment were not correct or complete.

## Basis of DNV GL's opinion

We have adapted our green Bond/Loan eligibility assessment methodology to create a BONHEUR specific Green Finance Eligibility Assessment Protocol (henceforth referred to as "Protocol") - see Schedule 2. Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion.

As per our Protocol, the criteria against which the Green Finance Instruments have been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a Green Finance Instrument must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a Green Finance Instrument should outline the process it follows when determining eligibility of an investment using Green Finance Instrument proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a Green Finance Instrument should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the Green Finance Instrument investors should be made of the use of instrument proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by BONHEUR in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Bonheur-specific Protocol, adapted to the purpose of the Green Finance Instruments, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by BONHEUR on the Green Finance Instruments and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with BONHEUR and review of relevant documentation and evidence related to the criteria of the Protocol;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

## Findings and DNV GL's opinion

DNV GL's findings are listed below:

### 1. Principle One: Use of Proceeds.

The use of the Green Finance Instrument proceeds will finance Green Projects within the following categories as outlined in BONHEUR's Green Finance Framework:

- Investments and related expenditures directed towards the research, development, construction, installation, improvement, operation, repair and maintenance of renewable energy projects and dedicated infrastructure,
- Investments and related expenditures in upgrading existing offshore wind turbine transportation and installation vessels as well as potentially building new dedicated offshore wind turbine transport and installation vessels, where investments are also required to reduce the relative environmental footprint of its operations or the value chain they operate in,

DNV GL concludes that the above Use of Proceeds fall within the defined category of Renewable Energy (including production, transmission, appliances and products) of the LMA Green Loan Principles 2020 and ICMA Green Bond Principles 2018.

### 2. Principle Two: Process for Project Evaluation and Selection.

The evidence reviewed by DNV GL demonstrates that BONHEUR has put in place an appropriate decision-making process to select and evaluate the eligibility of Green Projects. BONHEUR will establish a Green Finance Committee comprising of appropriate personnel from the finance, technical/operations and HSEQ business functions in relevant subsidiaries of BONHEUR as well as in Fred. Olsen & Co, which is the management enterprise performing BONHEUR's day-to-day operations. The Green Finance Committee will evaluate and ensure the eligibility of nominated projects to be financed with Green Finance Instruments and will be in charge of including eligible Green Projects in the Green Project Portfolio. A record will be kept of the projects that are assessed as eligible Green Projects along with supporting evidence that demonstrates the assets compliance with the criteria specified within BONHEUR's Framework.

Where Green Projects entail investments in offshore wind turbine and installation vessels, a part of the evaluation process will be to ensure that the vessels derive at least 95% of their combined annual turnover from offshore wind turbine projects or other related renewable industry infrastructure, as well as that the investments contribute to reducing relative environmental footprint of FOWIC's operations or the value chain they operate in.

DNV GL has reviewed the evidence and can confirm that the examples of potential investments listed in Schedule 1 and the governance framework for project selection meets the eligibility criteria defined in BONHEUR's Framework.

### 3. Principle Three: Management of Proceeds.

DNV GL has reviewed the Framework and concludes that the proceeds are tracked in an appropriate manner by earmarking net proceeds from issued Green Finance Instruments for Green Projects. It's BONHEUR's clear ambition to allocate net proceeds as soon as practicable and, in any case, will utilise proceeds within the instrument term. Net proceeds that do await allocation will be managed by Bonheur's overall liquidity management policy, where the Framework sets appropriate limitations to how long and where these net proceeds can be invested in.

DNV GL can confirm that BONHEUR has designated the finance department of Fred. Olsen & Co, who performs the day-to-day operations for BONHEUR, to be responsible for tracking the allocation of the funds.

#### 4. Principle Four: Reporting.

DNV GL can confirm that there will be annual reporting to the Lenders and Investors on Allocation and Impact in the form of a Green Finance Report. DNV GL concludes that the suggested metrics provide quantified performance measures relevant to the ICMA and LMA Green Project category, as well as to BONHEUR's specific operations of the different subsidiaries.

Based on the information provided and the work undertaken, it is DNV GL's opinion that the Green Finance Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of green loans within the Green Loan Principles 2020 and green bonds within the Green Bond Principles 2018.

#### for DNV GL Business Assurance Norway AS

Oslo, 4<sup>th</sup> of September 2020



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#### About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener