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Second Party Opinion

Ferde AS Green Finance Framework

Oct. 15, 2025

Location: Norway

Sector: Transportation infrastructure

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

See [Alignment Assessment](#) for more detail.

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Dark green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our [Shades of Green Analytical Approach](#) >

Strengths

Ferde plans to allocate the proceeds raised under this framework to projects that contribute to climate-friendly transportation infrastructure in Norway. The transport sector is a significant contributor to climate change, accounting for about one-third of greenhouse gas emissions in Norway, according to the International Energy Agency (IEA). National and regional efforts to decarbonize the sector are therefore key to a low-carbon, climate resilient future, including through increased use of public transportation and active mobility such as walking and cycling.

Weaknesses

No weaknesses to report.

Areas to watch

The proceeds can be used to finance road lanes for public transport and electric vehicles, though they may also be used by vehicles running on fossil fuels.

These could include personal vehicles that meet certain occupancy thresholds, motorcycles, or taxis. Although occupancy restrictions may incentivize car sharing, they do not guarantee emissions savings or eliminate fossil fuel emissions entirely. Moreover, the types of vehicles allowed to use these lanes may evolve over time, a factor largely outside of Ferde's direct control, which raises uncertainty around the projects' positive impacts.

Ferde has limited influence over the implementation of the eligible projects, including the approaches to local environmental risks or climate or environmental requirements for contractors. Projects are implemented by partners such as the Norwegian Public Roads Administration (Statens Vegvesen). The full impacts of the projects Ferde finances will therefore depend on the policies of its partners.

Shades of Green Projects Assessment Summary

The issuer expects 50% of proceeds to be allocated to refinancing projects, while the remaining 50% of proceeds will be directed to finance new projects.

Based on the project category's Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Ferde's Green Finance Framework, we assess the framework as Dark green.

Clean transportation

 Dark green

Rail infrastructure

Infrastructure for low-carbon transport

Pedestrian pathways and bicycle lanes

See [Analysis Of Eligible Projects](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Ferde AS operates as a toll company in southwestern Norway. Regional toll collection companies like Ferde use toll funds to finance infrastructure projects, such as for light rail, trams and buses, road improvements, and access for bicycles and pedestrians, in their respective regions. These projects are implemented by Ferde's partners, which include the three owner counties, the Norwegian Public Roads Administration (Statens Vegvesen), and Nye Veier AS.

Ferde AS was founded in 2016 and is headquartered in Bergen, Norway. Ferde AS is owned by three county municipalities in southwestern Norway: Vestland, Rogaland, and Agder. The company's operating revenue in 2024 was Norwegian krone (NOK) 4.66 billion (€398.7 million).

Material Sustainability Factors

Climate transition risk

Transportation is the fastest-growing source of emissions worldwide, and transportation users like autos, airlines, and freight account for more than one-third of global greenhouse gas emissions, according to the IEA. Infrastructure design and condition can affect greenhouse gas emissions and existing transportation infrastructure may require investments to support wider decarbonization trends. Infrastructure development also produces significant emissions from land use changes and a reliance on carbon-intensive materials, such as steel and cement. As the cost of more emissions-intensive modes of transportation increases, public scrutiny of transportation infrastructure is likely to rise, along with demand for improved climate performance.

Physical climate risk

Acute physical risks--such as storms, wildfires, and floods--can impair, disrupt, or even destroy assets, limiting the availability of essential infrastructure including roads and mass transit systems. Over time, both acute and chronic risks, such as changing temperature and precipitation patterns and sea level rise, may shorten the useful life of vehicles and infrastructure. Many service interruptions are regional, but the key role that transportation access has in communities and economies can lead to major

impacts. The impacts of physical climate risks may extend beyond the assets themselves and play out in an infrastructure provider's region or service area. In Norway, physical climate risks such as extreme precipitation, particularly during the winter, and associated flooding from heavy rainfall or snowmelt, will likely increase. Sea level rise may also be a concern in some coastal areas.

Impact on communities

Developing infrastructure can be highly disruptive to existing communities, particularly in cases of redevelopment. Projects may involve demolition of existing structures (in some cases involving eminent domain) and temporary disruptions of essential services and existing transportation routes. Greenfield development may reduce the amount of green space, affecting quality of life, and projects can contribute to noise pollution during operation. While projects can improve or extend services for select communities or for the nation and bolster economic productivity, they may face local opposition if the benefits or compensation are not sufficiently balanced. This opposition can lead to extended construction delays, litigation, and increased costs. In some cases, it can jeopardize a project's financial viability and lead to future government counterparties withdrawing from contractual commitments.

Issuer And Context Analysis

The framework supports financing clean transportation projects, including the development of rail infrastructure, infrastructure for low-carbon transport, and footpaths and bicycle lanes. These projects aim to address climate transition risk, which we consider to be one of the most material sustainability factors for Ferde. Eligible projects may also be exposed to physical climate risk, which could affect the operability of the infrastructure being financed if not adequately managed by Ferde's partners. In addition, physical climate risk could affect Ferde's own assets, such as its toll station infrastructure and equipment, and road damage could prevent traffic and temporarily reduce toll collection.

Norway's transport sector is the largest contributor of greenhouse gas emissions, accounting for 39% of the country's emissions, according to the IEA. National and regional efforts to decarbonize the sector are therefore key to a low-carbon, climate resilient future. Ferde's green financing framework provides an opportunity for investors to support climate-friendly transportation infrastructure projects in Norway.

Ferde primarily contributes to a positive environmental impact through financing low-carbon infrastructure for transportation assets and enhancing public transportation. We view positively that the company reported a steady increase in the share of zero emissions vehicles passing through its tolls--to 37.8% in 2024 from 23.6% in 2020. Most of Ferde's impacts occur through the projects it helps to finance that are designed and implemented by partners, including Agder, Rogaland, and Vestland county authorities, the Norwegian Public Roads Administration (Statens Vegvesen), and Nye Veier AS. Ferde does not directly influence the sustainability aspects of the infrastructure it funds, but it does help partners to understand green financing opportunities, related standards and stakeholder concerns, and impact reporting requirements. In addition, Ferde's code of conduct encourages suppliers to carry out their operations in a way that minimizes any negative environmental impacts and to develop and implement environmental standards.

Due to its business model, Ferde's direct exposure to climate and other environmental risks is limited. The company is ISO 14001:2025 certified, demonstrating its commitment to systematic environmental management, continuous improvement, and transparent greenhouse gas reporting in line with the GHG Protocol. This certification, equivalent to the Norwegian Eco-Lighthouse standard, aligns Ferde's practices with international best standards for environmental performance and is integrated into the company's overall management systems. Ferde's greenhouse gas emissions stem from its own operations, from its suppliers' value chain, and indirectly through its financing of transport projects. The 2024 climate report covers scope 1 and 2 emissions, with a short-term target to reduce these by 2% by 2026. The issuer plans to include partial scope 3 emissions, primarily associated with upstream activities involved in

infrastructure construction (raw materials extraction, manufacturing processes, and transportation of materials), in the 2025 annual report.

While Ferde does not conduct physical climate risk assessments, these risks are considered by its partners, in accordance with relevant regulations. For the infrastructure projects that Ferde finances through toll collection, the main climate hazards relate to the increased severity and frequency of extreme weather events. The issuer informs us that contractors involved in the construction of any infrastructure projects are mandated by national law to conduct their own assessments of climate risk, and this occurs without the involvement of Ferde.

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond and Loan principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Green Bond Principles, ICMA, 2025

✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

✓ Use of proceeds

All the framework's green project categories are shaded green, and the issuer commits to allocate the net proceeds issued under the framework exclusively to eligible green projects. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds. The green bond eligible project category of clean transportation contributes to the environmental objective of climate change mitigation. However, we note that the framework does not include a look-back period for refinancing eligible loans, as is recommended by the principles.

✓ Process for project evaluation and selection

The framework sets out project evaluation and selection processes. The company has a dedicated green finance committee, which is responsible for reviewing assets and projects to be funded and ensuring that only assets and projects aligned with the eligibility criteria are selected. The committee is comprised of the CFO and the head of sustainability, procurement, and GDPR. A consensus among the committee members is required for the decision to categorize a project or asset as eligible, which we view favorably. Since Ferde only finances infrastructure, environmental and social risk screening is conducted by municipal contractors in compliance with national legislation. The framework outlines an exclusion list, ensuring that the proceeds of green finance instruments will not be used to finance investments linked to fossil energy generation and nuclear energy generation.

✓ Management of proceeds

The allocation of the net proceeds will be tracked to ensure that they exclusively finance eligible projects, with the implementing companies establishing a register. Ferde's finance department will ensure that the value of green projects exceeds the total amount of green finance instruments outstanding at all times. If a green project loses its eligibility as assessed by the committee, it will be replaced by another green project. The unallocated proceeds will be temporarily managed according to Ferde's liquidity management policy and may be invested in short-term money market instruments and cash. For any green loans that fall under the scope of the framework, the issuer seeks to align with the 2025 update of the Green Loan Principles, and we understand that Ferde will not issue any facility that includes non-green tranches.

✓ Reporting

Ferde commits to reporting annually on the allocation of proceeds and the impact of the green financing instruments until full allocation of the net proceeds. The allocation report will include information on the amounts invested in each of the green project categories (split between new financing and refinancing), the respective outstanding amounts, and the balance of net proceeds (if any). The framework comprises examples of impact indicators that the issuer may report on, including the number of kilometers of new train lines, pavements, bicycle lanes and tunnels, and low-carbon transport lanes. We view positively that Ferde will appoint an external independent auditor to review the allocation of proceeds reporting in the form of a limited assurance report. Reporting on commercial paper can be difficult because of the instruments' short tenor. For outstanding commercial paper, annual updates report the value of green projects.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)".

Overall Shades of Green assessment

Based on the project category shades of green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Ferde's Green Finance Framework, we assess the framework as Dark green.

Dark green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our [Shades of Green Analytical Approach](#) >

Green project categories

Renewable energy

Assessment

 **Dark green**

Description

Rail infrastructure:

Construction, modernization, operation, and maintenance of electric railways and subways, as well as bridges and tunnels, stations, terminals, and rail service facilities.

Infrastructure for low-carbon transport:

Construction, modernization, maintenance, and operation of infrastructure that is dedicated to one, or both, of the following:

- a) Operation of vehicles with zero tailpipe carbon dioxide emissions, such as electric charging points, electricity grid connection upgrades, hydrogen fueling stations, or electric road systems; and/or
- b) Urban and suburban public passenger transport, including signaling systems for metro, tram, and rail systems.

Infrastructure for low-carbon transport may include road lanes that could be used by personal vehicles meeting occupancy thresholds, motorcycles, taxis, in addition to zero tailpipe CO2 emission vehicles and public transport.

Pedestrian pathways and bicycle lanes:













Construction, modernization, maintenance, and operation of infrastructure dedicated to personal mobility or cycle logistics, such as pavements, bike lanes, and pedestrian zones, and electrical charging installations for personal mobility devices.

The above infrastructure is not related to the storage or transport of fossil fuels.

Analytical considerations

- Mitigating greenhouse gas emissions from transportation will be crucial to meeting global decarbonization goals, since the transport sector accounts for 23% of global energy-related greenhouse gas emissions, according to the Intergovernmental Panel on Climate Change. Fossil fuel powered vehicles also create air pollution, such as nitrogen oxides and sulphur oxides. The decarbonization of all modes of transport will require a significant expansion of low-carbon transport infrastructure. In infrastructure projects, value chain emissions and environmental impacts can be significant and should be carefully managed, for example, by choosing low-carbon construction materials. Physical climate risks are also a material consideration for infrastructure projects.
- We assign the overall category a Dark green shade for the financing of transportation infrastructure in line with a low-carbon, climate resilient future. Ferde informs us that it will commit about 90% of the proceeds from the green bonds to financing the expansion of an electric light rail system (Bybanen) in Bergen. In Norway, the national grid is largely powered by renewable sources, and Bybanen uses only renewable electricity. The distribution of the remaining proceeds is not clear, but Ferde may choose to distribute it between the remaining subcategories, namely infrastructure for low-carbon transport and pedestrian pathways and bicycle lanes.
- The infrastructure for low-carbon transport subcategory contains element a--the operation of vehicles with zero tailpipe carbon dioxide emissions and element b--urban and suburban public passenger transport. We assign a Dark green shade to element a and a Light green shade to element b, since Ferde may finance road lanes that could be used by vehicles running on fossil fuels, such as personal vehicles meeting occupancy thresholds, motorcycles, or taxis. Although occupancy restrictions may incentivize car sharing, they do not guarantee emissions savings or eliminate fossil fuel emissions entirely. Moreover, the types of vehicles allowed to use these lanes may evolve over time, a factor beyond Ferde's direct control, which raises some uncertainty around the positive impact of these projects.
- Lanes or pathways that enable walking and cycling safely are key to a low-carbon, climate resilient future, particularly considering that 50% of car journeys in Europe cover less than 5 kilometers, according to the World Health Organization. We therefore shade this subcategory as Dark green.
- We view positively that infrastructure dedicated to vehicles running on fossil-fuels, such as fueling stations, will not be financed under the framework.
- Ferde has limited influence over the planning, design, and construction of the infrastructure projects it helps to finance. Decisions are made at the local political level and approved by the Norwegian parliament. The overall environmental impact of these projects therefore depends on the responsible authorities and implementing partners. However, all major infrastructure projects in Norway must comply with national legislation on environmental impact assessments to mitigate negative environmental impacts.
- The physical risk associated with the financed projects is the responsibility of Ferde's partners in accordance with relevant regulation.

S&P Global Ratings' Shades of Green

Assessments					
 Dark green	 Medium green	 Light green	 Yellow	 Orange	 Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Related Research

- [Analytical Approach: Second Party Opinions](#), March 6, 2025
- [FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions](#), March 6, 2025
- [Analytical Approach: Shades Of Green Assessments](#), July 27, 2023

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Second Party Opinion: Ferde AS Green Finance Framework

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