



Bonheur ASA

Green Finance Framework

September 2020

An Introduction to Bonheur ASA

Bonheur ASA ("Bonheur") is a holding company with an origin tracing back to 1848. Bonheur and its subsidiaries ("Group") have a diversified focus, which has shifted over time. Traditionally, the majority of activity has been linked to maritime and energy related sectors.

Over the last decades the Group and other Fred. Olsen-related companies have been pioneers within the renewable energy sector. The first investment in onshore wind farms was made already in 1996.

Through more than a quarter of a century during the green energy transition a significant track record and competence has been built with investments in renewable energy related businesses. By way of example, taking advantage of the Group's collective experience from shipping and onshore wind farm development, it also expanded into the offshore wind installation industry in 2008. As of 2020, Bonheur and other Fred. Olsen-related companies control ten various

businesses across the renewable energy value chain employing around 2,000 people working in over 40 countries.

Bonheur is currently invested in four defined business segments; Renewable energy, Shipping/Offshore wind, Cruise and Other investments. The Group's green footprint has increased over the last decade driven by a long-term commitment to sustainable development and energy transition. The EBITDA from renewable energy and offshore wind activities of the Group has increased over the last five years and by YE 2019 constituted close to 90% of the groups EBITDA.

Bonheur is domiciled in Norway, with its headquarters in Oslo and has been listed on the Oslo Stock Exchange since 1920. The day-to-day operation of Bonheur is performed by the management enterprise Fred. Olsen & Co.

Bonheur Business Structure



This Green Finance Framework covers activities within the Renewable Energy and Offshore wind segments (highlighted above in green) and will mainly apply to investments made via the holding companies for the respective abovementioned business areas, Fred. Olsen Renewables ("FOR") and Fred. Olsen Ocean ("FOO"). Investments made by other subsidiaries may however also be funded under this framework when they are in line with the relevant criteria defined below.

Onshore and Offshore Wind – Important Parts of the Future Energy Mix

Increasing the share of renewable energy in the global energy mix is crucial to ensure we meet the Paris Agreement. The Group's investments into new renewable energy projects as well as into critical parts of the value chain, which are required to unlock further growth in the offshore wind market and to reduce the relative environmental footprint of the operations, will promote the transition towards a low-carbon and climate resilient future.

According to BloombergNEF, wind currently accounts for about 5% of the global power generation mix, where hydro is the largest renewable energy source at around 16%. In their New Energy Outlook 2019, they predict a significantly growing share for renewables, and wind in particular, which is expected to be the largest renewable energy source by 2050, contributing with 26% of global power generation.

While onshore wind is a proven and mature technology, offshore wind holds an enormous potential of unlocking access to new and powerful wind sources. According to the International Energy Agency's (IEA) Offshore Wind Outlook 2019, offshore wind currently provides around 0.3% of global power generation, but it has significant potential going forward driven by competitive levelized cost of new energy and high scalability.



The market grew almost 30 per cent per year between 2010 and 2018, and it is expected to have the potential to generate more than 420,000 TWh per year worldwide – 18 times the global electricity demand today.

The costs associated with developing offshore wind have been significantly reduced over the last few years as a result of technological improvements, supply chain efficiencies, reduced cost of capital and increasing industry maturity. Based on current policies around the world as well as falling technology costs, the global offshore wind capacity is projected to increase fifteen-fold over the next 20 years. Larger turbines and other technology improvements have increased the capacity factors of new offshore wind projects, and can today match the capacity factors of efficient gas-fired power plants, coal-fired power plants in some regions, exceed those of onshore wind and about double those of solar PV.

In the IEA Sustainable Development Scenario, which is fully aligned with the Paris Agreement, offshore wind challenges onshore wind as the leading source of electricity generation in the European Union by 2040. This highlights the role of offshore wind as an important part of a sustainable future energy mix.

To reach full potential as key pillars in the green energy transition, further investments are needed in both onshore and offshore wind.

Renewable Energy – Fred. Olsen Renewables

FOR is a wholly owned subsidiary of Bonheur and is responsible for the Group's renewable energy development activities. The company is a leading developer, owner and operator of renewable energy assets, currently mainly within onshore wind farms. Their first investment dates back to 1996 when a 21.6 MW wind farm was placed in production in Scotland. FOR operates in all parts of the value chain, from business development and sourcing wind farm acreage, concept development to detailed design, construction, commissioning and operations to sale of electricity.

It is currently focused on the UK and Scandinavian markets. As of 2020, the portfolio consists of 679MW in operation onshore and a development portfolio of close to 4GW of which 1GW relates to offshore and remaining onshore. Total energy generation for 2019 exceeded 1.7 TWh. This equates to more than 700,000 tonnes of CO₂ saved from the atmosphere and around 360,000 homes (based on a weighted average of the countries where FOR has its operates) supplied with carbon free energy.

Company motto

'Think first – Act safely'. Every effort is made to ensure the safety of our personnel and protection of the environment and material.

We are committed to:

- *being recognised as a leading organisation for Health, Safety, Environment and Quality (HSEQ) management*
- *the protection of personnel, the environment, and equipment. In fulfilling this, we will establish and maintain a safe and healthy work environment*
- *eliminate hazardous risks through the use of systematic risk assessments as an integrated part of our work*



Offshore Wind Value Chain – Fred. Olsen Ocean

FOO was established in 1993 and is a wholly owned subsidiary of Bonheur. FOO is the parent company of the Group companies (fully or partly owned which are consolidated) active within the offshore renewables service industry with current key investments being Fred. Olsen Windcarrier (“FOWIC”), Global Wind Service (“GWS”) and United Wind logistics (“UWL”). These

companies are all working in various parts of the offshore wind turbine installation value chain and are efficiently able to draw on each other’s strengths, delivering an integrated solution for clients. For the purposes of this Green Finance Framework, within Fred. Olsen Ocean, proceeds will mainly finance FOWIC.

Fred. Olsen Windcarrier AS



- Providing vessels and expertise mainly for:
 - Transport
 - Installation
 - Engineering
 - Offshore wind turbine blade maintenance
 - Oil & Gas Decommissioning
 - Electrical cabling works
- Fleet of three jack-up Transport & Installation vessels, Brave Tern, Bold Tern and Blue Tern
- Global footprint; Europe, US and Taiwan

Global Wind Service A/S



- Providing manpower for:
 - Installation onshore and offshore
 - Blade repair
 - Service and Expertise
- About 1020 employees per 2Q 2020
- Global footprint with operations in Europe, US and Australia

United Wind Logistics GmbH



- Marine transportation of offshore wind turbine components from manufacturing sites to pre-assembly ports
- Newbuilding program for up to four vessels, of which the first have been delivered and a second vessel being under construction with expected delivery in 2020

The Fred. Olsen flag in the chart below illustrates FOO’s broad presence across key elements in the offshore wind installation, operations and maintenance value chain.



Fred. Olsen Windcarrier

Fred. Olsen Windcarrier (FOWIC) provides transport, installation and service solutions to support the offshore wind energy sector across every stage of the wind farm lifecycle.

FOWIC was established in 2008 to meet the increasing demand for offshore wind installation ships with the capability to transport and install the coming generations of wind turbines. The company currently has ownership in, and operates, three purpose-built transport and installation jack-up vessels, supplying clients with experienced crews and technical manpower, as well as expert project management, engineering and HSEQ services.

FOWIC is a leading player in the industry with a market share of above 20% globally since the start of vessel operations in 2013. During this period, FOWIC has installed more than 674 wind turbines with a combined capacity of more than 4041 MW. This has enabled the owners of the offshore wind farms to generate clean energy and so far avoiding around 10 million tonnes of carbon emissions¹. Throughout the wind farms' lifetime, these turbines are expected to avoid carbon emissions of in aggregate 72 million tonnes.

FOWIC continuously strives to minimize the environmental impact from operations, both related to greenhouse gases as well as local emissions. At time of construction, the existing vessels were designed and built according to state-of-the-art clean ship design, meeting stringent class requirements. The vessels are designed to reduce fuel consumption, and material and equipment have been selected to limit the emissions of harmful pollutants. The vessels hold statements of compliance against the IMO Hong Kong Convention's (HKC) IHM requirements and are built in accordance with the requirements of the DNV GL Clean Design or ABS ENVIRO-OS notations. The same philosophy regarding design and reduced environmental footprint will apply to any potential future newbuilds.

Turbine transport and installation vessels and their operators play a critical role in the evolution of offshore wind energy and are an essential value chain contributor.

By continuously reviewing possibilities to reduce greenhouse gas emissions, FOWIC's aim is to contribute to reaching a net-zero emission economy in 2050

For any future newbuilds, this means equipping them with the latest environmental and energy efficiency technologies with spare capacity to allow adaption to potential future low or zero emission technologies.

To ensure continuous improvement across the fleet, environmental impact is measured with the aim of identifying new specific initiatives which can reduce energy consumption. Efficient ship energy management is important in contributing to reducing the CO₂ and NOX footprint.

Offshore wind turbine installation requires highly specialized vessels and competences. Investments in purpose-built equipment have enabled installation of larger turbines and more efficient operations, which have been key factors in maturing the offshore wind market and bringing cost of energy down to a competitive level. As an illustration of these rapid technology improvements, FOWIC has gone from installing wind turbines of 3.6 MW capacity to today's typical turbines of 7-10 MW and sees this increasing to 12-15 MW in the years to come.

Continued focus on developing increased vessel capabilities as well as a more efficient supply chain to cope with high production demands are both crucial for the offshore wind industry to deliver low-cost projects and needed growth. Increased turbine and rotor size are important to unlocking this future market potential. The forecasted increase in output from offshore wind is, as such, not possible without capital investment in installation capabilities. For transportation and installation vessels, this includes upgrades to the existing fleet to facilitate installation of the next generation turbines and potentially newbuilds. Capacity extension of existing fleet will also reduce the direct environmental footprint of the operations, thereby further promoting the transition towards a low-carbon and climate resilient future.



Company values

At Fred. Olsen Windcarrier, we believe in the sustainability movement.

By combining people, technology and visionary thinking, we're helping to establish tomorrow's offshore wind gigaparks.

We support key partners with marine operations for installation & maintenance of offshore wind – heavier, higher, and faster.

¹ Assuming generation from wind farms replaces an equal amount of energy from a specific country's local energy mix

Principles for Health, Safety and Environment (HSE)

The Group continuously strives to reduce its environmental footprint, through inter alia efficient installation and maintenance of wind turbines onshore and offshore, extensive planning conditions to ensure that construction work is implemented with due care to the environment and by reducing the use of hazardous chemicals and materials throughout the operations. For all operational sites there are ecology plans in place to monitor resident and migrant wildlife to ensure minimized impact on environmental surroundings and biodiversity.

HSE activities are organized and managed within each individual business segment and each such segment works systematically and preventively with HSE measures. The group has overriding guidelines on Corporate Social Responsibility, including the requirement to conduct business in accordance with the letter and spirit of the law and within the overriding ethical standards of good business conduct, including non-discriminatory behavior, respect for human rights, workers' rights, social aspects, environmental issues and anti-corruption. These are then further expanded and detailed as considered appropriate by each of the subsidiaries to reflect the nature of their individual

businesses. Each main subsidiary within the Group has as such established its own Corporate Social Responsibility guidelines, which are available on the individual entity's web site.

In addition, the Group expect all vendors to operate in accordance with the respective code of conduct, maintain high standards for Health, Safety and Environment, support The International Programme on the Elimination of Child Labour (IPEC) and support Human Rights. The Group has a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in its business dealings and relationships and expect vendors to do the same.

The Group has zero tolerance for bribery and corruption in any form, and expect vendors to comply with, and work according to, the anti-corruption laws of any Home Country Governmental Authority such as, but not limited to, the US Foreign Corrupt Practices Act 1977 (FCPA) and the UK Bribery Act 2010.

The Group are considered a transparent, fair and ethical partner in all aspects of its work, with vendors, customers and competitors, and expect nothing less of its vendors.



Bonheur ASA and Green Finance

Increasing the share of renewable energy in the global energy mix is crucial to meet the Paris Agreement, and our investments throughout the renewable energy value chain will promote the transition towards a low-carbon and climate resilient future.

This Green Finance Framework enables Bonheur, as well as its subsidiaries, to issue Green Bonds and Green Loans (collectively referred to as Green Finance Instruments) to finance Green Projects, as further defined below. The framework is aligned with the ICMA Green Bond Principles and the LMA Green Loan Principles issued in 2018 and has been prepared in cooperation with DNB.

The framework defines the assets and projects eligible for financing by Green Finance Instruments and it also outlines the process to evaluate, select, track and report on such investments. Assets and projects financed under this framework will mainly relate either to renewable energy development, or to investments in the value chain needed to unlock further growth within the renewable energy sector.

Each Green Finance Instrument issued under this framework should in their relevant transaction documentation refer to this Green Finance Framework.

Use of proceeds

An amount equal to the net proceeds from Green Finance Instruments issued under this Green Finance Framework will be used to finance a portfolio of assets and projects, in whole or in part, that promote the transition towards low-carbon and climate-resilient development.

Only such assets and projects that comply with the list of Green Projects below are deemed eligible to be financed with Green Finance Instruments. Net proceeds from Green Finance Instruments can be used for the financing of new assets and projects, as well as for refinancing purposes. New assets and projects are defined as ongoing Green Projects and those taken into operation less than 12 months prior to the issuance of a Green Finance Instrument.

Green Finance Instruments issued by Bonheur will finance and refinance Green Projects undertaken by itself or its subsidiaries. Such subsidiaries may also issue Green Finance Instruments of their own under this framework, as the case may be.

Green Projects

The following Green Projects may be financed by Green Finance Instruments issued under this framework:

- Investments in renewable energy projects
- Investments in offshore wind turbine transportation and installation vessels and related equipment

Renewable energy projects

Investments and related expenditures directed towards the development, construction, installation, improvement, operation, repair and maintenance of renewable energy projects. Currently, this includes onshore and offshore wind power and can also include related research and business development as well as dedicated infrastructure.

Offshore wind turbine transportation and installation vessels and related equipment

Investments and related expenditures directed towards upgrading existing vessels, such as crane and equipment upgrades and/or replacements, and potentially building new vessels, to meet estimated future market requirements of increased installation capacity. Investments are required to reduce the relative environmental footprint of the operations or the value chain they operate in.

FOWIC's vessels are purpose built for transport and installation of equipment and components related to offshore wind turbine projects, and other related renewable industry infrastructure, as well as related services including repair, maintenance and accommodation to support construction, operation and decommissioning of such projects. Such vessels may also be used for decommissioning work at offshore oil and gas fields, excluding platform purging, well plugging and disposal/recycling of materials.

Vessels financed by Green Finance Instruments issued under this Framework must however not generate more than 5% of their annual turnover from supporting oil and gas fields. If more than 5 % of the annual turnover and more than 2.5 % of the last 4 years' turnover comes from supporting oil and gas fields excluding decommissioning work, the vessel will be removed from the Green Project portfolio and will when deemed necessary be replaced by another Green Project.

Examples of such potential investment are:

- *Capacity or efficiency upgrades, such as a crane upgrade will be carried out on the Brave Tern and potentially also on FOWIC's other vessels together with related equipment and vessel upgrades. Such next generation crane will enable the vessel(s) to lift and install not only the coming generation turbines expected to enter the market in 2022-2024 (12-15 MW), but likely also even larger ones which may come to market at a later stage. Time spent and corresponding fuel consumption per installed MW can be reduced by more than 20% when installing 12MW turbines with the new crane compared to installation of 8MW turbines today.*
- *Potential new transport and installation vessel(s) with high variable deck load, extended lifting height and increased jacking capacity making such vessel(s) even more efficient and versatile than existing vessels. FOWIC currently estimates that the introduction of hybrid power and heat recovery combined with other design efforts and the latest technology has the potential to reduce vessel emissions per installed MW compared with existing vessels by approximately 1/3.*

Process for Project Evaluation and Selection

Green Finance Instruments issued under this Green Finance Framework will solely finance assets in line with the criteria described above. To evaluate and select Green Projects, Bonheur has established an internal Green Finance Committee, consisting of members from finance, operations/technical and HSEQ departments in Fred. Olsen & Co and relevant subsidiaries of Bonheur. Relevant business units within the Bonheur Group will nominate projects to be evaluated by the Green Finance Committee who will be in charge of including eligible Green Projects in the Green Project Portfolio.

Safety, sustainability and quality are always key factors in the decision-making processes for Bonheur and its

subsidiaries. Where relevant, a part of the green evaluation process will be to ensure that investments will contribute to reducing the relative environmental footprint of the operation, or the value chain it forms part of. Expected reduction will then be quantified to support the decision-making process.

The finance department of Fred. Olsen & Co will on behalf of Bonheur, keep a list of evaluated and selected Green Projects. All decisions made by the Green Finance Committee will be documented and filed for transparency purposes. Examples of Green Projects will be part of the annual reporting described below



Management of Proceeds

An amount equal to the net proceeds from issued Green Finance Instruments will be earmarked for financing and refinancing of Green Projects in Bonheur's subsidiaries.

The finance department of Fred. Olsen & Co will on behalf of Bonheur endeavour to ensure that the amount of Green Projects at all times exceed the total amount of Green Finance Instruments outstanding. If a Green Project already funded by Green Finance Instruments is sold, or for other reasons no longer qualifies as Green as determined through an annual verification process by the Green Finance Committee, it will when necessary be replaced by other qualifying assets or projects. An amount equal to the net proceeds from an issued Green Finance Instrument will be fully allocated towards Green

Projects before the maturity of that Green Finance Instrument.

Net proceeds from Green Finance Instruments awaiting allocation to Green Projects will be managed according to the overall liquidity management policy of Bonheur and may be invested in short-term money market instruments or held as cash.

For the avoidance of doubt, unallocated proceeds will not be used to finance investments linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction, gambling or tobacco.

Reporting

To enable investors, lenders and other stakeholders to follow the issuance of Green Finance Instruments and the Green Projects being funded, a Green Finance Report will be published on an annual basis as long as there are Green Finance Instruments outstanding. The report will include an overview of the allocation of proceeds as well as the environmental impact of the investments.

Allocation report

- Amounts of Green Finance Instruments outstanding, divided into bonds and loans
- Amounts allocated to each Green Project category and the share of new financing versus refinancing
- Examples of Green Projects that have been funded by Green Finance Instruments
- The amount of net proceeds awaiting allocation to Green Projects (if any)
- Relevant changes in the Green Project portfolio

Impact report

The impact report aims to disclose the environmental impact of Green Projects financed under this Green Finance Framework. Impact reporting will, to some extent, be aggregated and depending on data availability, calculations will be made on a best intention basis.

The impact assessment may, where applicable, be based on the metrics listed below.

Renewable energy projects

- Installed power generation capacity
- Annual power generation
- Annual avoidance of CO₂e emissions

Offshore wind turbine transportation and installation vessels and related equipment

- Number of installed wind turbines
- Installed power generation capacity
- Fuel consumption during transport and installation activities

External Review

Bonheur has obtained an Eligibility Assessment from DNV GL to confirm the transparency of this Green Finance Framework and its alignment with the ICMA Green Bond Principles and the LMA Green Loan Principles, both published in 2018. The Eligibility Assessment will be made available on Bonheur's website together with this Green Finance Framework.

