



Green Bond Framework

January 2019



1. Introduction

1.1 About Nobina

Nobina (“the Company”) is the Nordic region’s largest and most experienced public transport company. The Company’s expertise in prospecting, tendering and active management of public transport contracts, in combination with long-term delivery quality, make Nobina the industry leader in terms of profitability, development and initiatives promoting a healthier industry.

Every day, Nobina ensures that almost one million people get to work, school or other activities by delivering contracted public transport in Sweden, Norway, Finland and Denmark.

Nobina has yearly revenue of about SEK 9 billion and currently employs around 11,000 people, with its head office located in Solna, Stockholm.

1.2 Nobina’s sustainability contribution

Nobina’s business model is aligned to meet and tackle some of the key challenges in today’s society, i.e.; i) urgent need to reduce carbon emissions and improve air quality, ii) needs to enable rapid urbanization by efficient traffic solutions, iii) ensure efficient utilization of public space and fight congestions.



Nobina’s overall biggest contribution lies in the nature of its core business; provide attractive transportation solutions to ensure people choose public means over private cars. Every year about 319 million passengers across the

Nordics board Nobina’s buses to reach their everyday destinations in an efficient and pleasant way. This is the foundation for Nobina’s contribution and efforts in being a responsible and proactive sustainable company.

Besides clean transportation, Nobina’s sustainability agenda also includes social sustainability and efforts to ensure sustainable and livable cities. Nobina’s sustainability agenda is based on external guidelines and targets (e.g. UN’s Global Compact, Sustainable Development Goals), legislation and certifications as well as internal values and guidelines.

Environmental focus

Based on materiality analysis, Nobina has identified the following as the most important environmental goals:

- From car to bus

More people sharing resources means fewer cars on the roads and lower greenhouse gas emissions.

Nobina increases public transport by cooperating with the Public Transport Authority (“PTA”) and municipalities. Additionally, Nobina works with local marketing efforts and customer experience to ensure that passengers find public transport an attractive alternative to private means.

- Higher share of renewable fuel

Greenhouse gas emissions are reduced when there is less fossil energy consumed per passenger-kilometer, i.e. a higher percentage of vehicles that run on biofuel or electricity.

It is a Swedish political goal to have 90 percent of the buses in traffic running on renewable fuel by 2020. To reach that goal, traffic companies must adapt bus fleets and increase the share of buses that run on renewable fuel. In the tender documentation from PTAs, it is standard that fuel types and emission levels are specified. Nobina's vehicle fleet encompasses 3,600 buses, of which some 72 percent run on renewable fuel. In Sweden, where most of the buses operate, the percentage of buses operated on renewable fuel exceeds 95 percent, including a sharply growing portion of electric buses. Hence, Nobina has in Sweden already fulfilled the Swedish political goal of having 90 percent of the operating buses running on renewable fuel.

- Increase capacity utilization of buses in traffic

Nobina's business model means that efficient utilization of resources is good not only from a financial perspective but also for society as a whole. The better Nobina plans traffic, streamlines production and avoids running empty buses, the more value the Company provides to passengers and society.

One important aspect is optimizing schedules to minimize idle time and having empty buses in traffic. Another is working out the lowest possible distance between the bus parking lot and the first stop. The more cooperation and dialogue Nobina has with PTAs, the easier it is to adapt public transport to passenger needs, while simultaneously minimizing the environmental impact. For Nobina this means leveraging not only on its competent workforce but also to utilize internal big data and analytics capabilities in order to optimize

resources and be a proactive partner to its customers.

- Decrease fuel consumption in order to reduce carbon footprint

Through active resource management, like use of The Green Journey concept, Nobina promotes conservative driving and thereby lower fuel consumption. In 2017, Nobina's fuel efficiency initiatives reduced the carbon footprint with 12.115 tonnes of CO₂e corresponding to approximately 1,900 laps around the world with a private car.

There are clear operational goals, as well as financial incentives, to limit fuel consumption in current contracts. An important tool for Nobina is "The Green Journey" concept. It involves *training drivers* to drive in a gentler, more efficient way. The *measurement equipment on board each bus* is used to monitor how successful each individual driver is in his or her efforts to drive conservatively by registering and evaluating fuel consumption, acceleration and braking. Analyses show that, on average, training and follow-up on driving style reduces fuel consumption by 5–7 percent. The long-term goal is that at least 90 percent of all drivers have adopted eco-driving.

Social focus

As a company with more than 11.000 employees across the Nordics, Nobina focuses and takes pride in driving a social responsibility agenda. For example, Nobina provides jobs to people that have been outside the labor market for a long time or are new to the Nordic job market. Nobina actively works to promote diversity and unlock the expertise of all its employees regardless of gender, sexual orientation, transgender identity or expression, ethnicity, age, religion or other belief. Moreover, Nobina offers different types

of training, including for example language training and a three year long training program in inclusive leadership for all managers.

Supplier assessment

Nobina's operations include major purchases, primarily of products but also of services. The Company is active, both within its own organization and in monitoring suppliers and partners, in ensuring that the products and services purchased are produced under sustainable and responsible conditions. Suppliers must e.g. sign Nobina's Code of Conduct, which is based on the UN's Global Compact and is where Nobina stipulates requirements for suppliers that include the support of for example human rights principles.

To manage efforts and to strengthen the Company's competitiveness, large sections of Nobina's operations, including the head office, are certified in accordance with the ISO 9001 quality management certificate and the ISO 14001 environmental certificate.

1.3 The Green Bond Framework

Nobina's issuance of Green Bonds is a natural part of the Company's sustainability profile. The framework enables Nobina to focus further on achieving positive environmental impacts. When issuing Green Bonds, this Green Bond Framework (the "Framework") will apply.

The Green Bond Principles 2018 ("GBP")¹ applies the following definition of green bonds: "Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full,

new and/or existing eligible Green Projects/Assets and which are aligned with the four core components of the GBP".

This framework is aligned with the Green Bond Principles and its four core components:

- Use of Proceeds (Section 2)
- Process for Project/Asset Evaluation and Selection (Section 3)
- Management of Proceeds (Section 4)
- Reporting (Section 5)

As such the Framework may be updated from time to time to reflect current market practices and potential updates in the GBP.

Furthermore, the Framework is reviewed by an external independent firm, CICERO, that will provide a second opinion to confirm the alignment of the Green Bond Framework with the key features of the GBP.

This Framework is applicable for issues of Nobina's Green Bonds. The Framework together with the second opinion by CICERO will be available on the Company's website.

2. Use of Proceeds

Proceeds from Nobina's Green Bonds will be used to finance or re-finance, in part or in full, Eligible Green Assets (as defined below) providing distinct environmental benefits in accordance with the below defined main category for Clean Transportation. A major part of the use of proceeds from Nobina's first green bond issuance are aimed to be used for financing of new Eligible Green Assets. Nobina will continuously

¹ Green Bond Principles published in June 2018 are Voluntary Process Guidelines for Issuing Green Bonds established by International Capital Markets Association (ICMA), <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Green Assets.

Eligible Green Assets relevant for use under the Framework include:

Clean Transportation

- Fossil free vehicles such as electric and/or vehicles powered by biofuels²
- Charging infrastructure for buses

Eligible Green Assets correspond to a relevant invested amount.

3. Process for Asset Evaluation & Selection

3.1 Selection of Eligible Green Assets

The evaluation and selection process for Eligible Green Assets is a key process in ensuring that the proceeds from Green Bonds are allocated exclusively to assets and activities which meet the criteria in the Framework.

The selection of Eligible Green Assets is managed by a dedicated group within the CFO Office. The group consists of several persons incl. Head of Treasury and Investor Relations, Head of Strategy and Mergers & Acquisitions as well as the Fleet Financing Manager. Sustainability expertise and knowledge of requirements for clean transportation relies within the group.

A list of Eligible Green Assets is kept by the Finance Department and the Fleet Financing Manager is responsible for

keeping this list up to date. The list of Eligible Green Assets is monitored on a regular basis during the term of the Green Bond to ensure that the proceeds are sufficiently allocated to Eligible Green Assets.

3.3 Exclusion

The proceeds of Nobina's Green Bond issuance will not be used to finance any transportation solutions requiring fossil fuel.

4. Management of Proceeds

Net proceeds from Nobina's Green Bonds will be credited to a designated account in order to be tracked in an appropriate manner.

All Green Bonds issued by Nobina will be managed on a portfolio level. This means that a Green Bond will not be linked directly to one (or more) pre-determined Eligible Green Assets. Nobina will keep track and ensure there are sufficient Eligible Green Assets in the portfolio. Assets can, whenever needed, be removed or added to/from the Eligible Green Assets portfolio.

Any unallocated proceeds temporarily held by Nobina will be placed on the company's ordinary bank account or in the short term money market.

5. Reporting

To be fully transparent towards the Green Bond investors and other market stakeholders, Nobina commits to regular reporting on an annual basis until no green bonds are outstanding. The report

² Examples of bio fuels are rapeseed oil methyl esters/RME or hydrotreated vegetable oil/HVO

will be made available on Nobina's website and cover the following areas:

Use of Proceeds

- Total amount of Green Bonds issued
- A list of Eligible Green Assets in the portfolio including allocated amounts and a brief description per type of asset
- Share of Green Bond financing of approved Eligible Green Assets
- Share of proceeds used for financing/re-financing³ as well as distribution of the allocations between categories described in Section 2
- Total amount of unallocated proceeds

Impact Reporting

The need for monitoring specific environmental issues is assessed as part of Nobina's sustainability review. Nobina will publish a list of Eligible Green Assets per type of asset including, where feasible, the below criteria indicating the environmental impact. Additional criteria indicating environmental impact may be added depending on availability.

Clean Transportation:

- Estimated annual greenhouse gas emissions reduced or avoided from total investments, tCO₂e
- Estimated number of passengers travelling by fossil free vehicles such as electric and/or vehicles powered by biofuels

6. External review

To confirm the transparency and robustness of Nobina's Framework, it is verified and approved by an external second opinion provider. The second opinion by CICERO will be made available on the company's website. In addition, Nobina is committed to appointing an external auditor to provide an annual assurance of the internal tracking method and allocation of funds.

³ Applies mainly for re-financing of lease contracts