

GREEN BOND FRAMEWORK



23rd. of January 2019

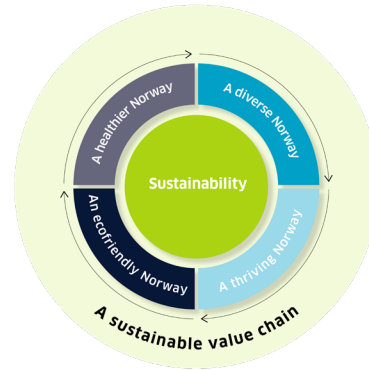
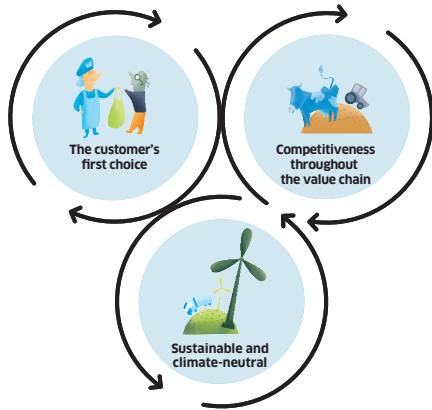


NorgesGruppen

Important notice

This document (the “Green Bond Framework” or “Framework”) contains information on NorgesGruppen’s (“NorgesGruppen”) and its issuance of interest-bearing notes with added environmental criteria (the “Green Terms”). Any such issuance by NorgesGruppen that includes the Green Terms in its bond documentation, by reference or inclusion, as detailed in this document or in future versions of this document will be labelled a Green Bond (“Green Bond”). Depending on the language of the bond documentation the Green Terms in this Framework may be translated into other languages, as required in the local jurisdiction. Furthermore, all parties are advised to review the risk factors in the relevant bond documentation. Any issuance of notes will be subject to the version of the Green Terms in the associated bond documentation. Any new issuance of Green Bonds will include a reference to, or inclusion of, the most recently published Green Terms, which shall be publicly available in the Framework on NorgesGruppen’s website.

Background



Sustainability is good business. In NorgesGruppen, our sustainability work is an integrated part of our business. We strive to create long-term profitability for the company while adding value for the community. Our ambition is to “be sustainable and to become a climate-neutral business”. This is one of the company’s three main business ambitions, together with “the customer’s first choice” and “competitiveness throughout the value chain”. We wish to break ground and make a difference and we have set ambitious goals within: health and well-being, people, diversity and climate and the environment. Global climate change is one of the biggest social problems of our time and the food and transport sector is an important contributor to a sustainable transition. Today’s customers are more focused on sustainability than in the past. Surveys among young people show that sustainability is more important than fighting poverty. Our grocery chains reports that they get more questions about use of plastic than about the price of consumer goods. NorgesGruppen contributes with early adaption of new technology in order to cut emissions of greenhouse gases and reduce the environmental impact of our operations. We want to be at the forefront of our industry by being a driving force in the development of a climate-neutral society. We ensure this through specific goals.

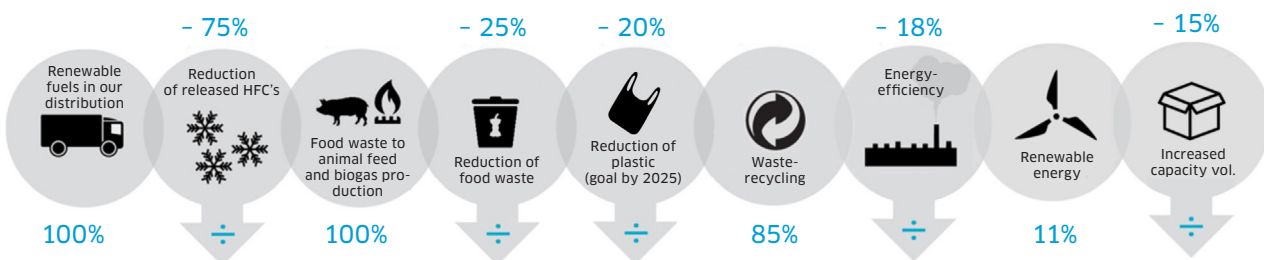
The main areas in our sustainability work are deeply rooted in our organisation, and status on each of the goals within the main areas is reported to the management, Board of Directors and owners in the same way as financial numbers.

“Sustainability means that we take social, ethical and environmental considerations and that we are profitable.” This is NorgesGruppen’s definition of sustainability. It is based on the definition by the United Nations, that also lies as the basis for the United Nations’ 17 sustainable development goals from 2015. The sustainable development goals require broad effort from public authorities, civil society and business. In 2016, we linked our work and our targets to the United Nations’ sustainable development goals.

NorgesGruppen established its first environmental goals in 2008, and since then has worked systematically with measures within each target area. Over the years, more goals have been added, most recently the goal of reducing use of plastic by 20 per cent within 2025.

We aim to be a leader in eco-friendly transport solutions, reduction of food waste and plastic, renewable

Main environmental goals towards 2020



energy production and developments in the field of environmentally friendly products. We work systematically within each area and hope that most efforts, both large and small, can make a major impact for the community and the climate.

We are working towards a goal of 100 per cent renewable fuel in our distribution, with the current figure at 60 per cent. For example, we have set up our own fuel stations to make sure that all fuel we use is documented renewable fuel. Biofuel at ASKO has a higher percentage of bio-produced fuel than the national average and without palm oil being included. We have also opened a production facility for hydrogen in Trondheim, to use in hydrogen vehicles, and we are investing in electric and hydrogen-powered trucks and fork-lifts. We have our own production of renewable energy to make sure that we can become a carbon-neutral business. We produce energy through windmills and solar cells, and we are looking into hydropower.

For many years, NorgesGruppen's stores, warehouses and industries have been working to become more energy-efficient by reducing emissions, including HFC gases. Through our EKing project (Energy cut in NorgesGruppen), 680 of our stores have reduced their energy consumption by more than 30 million kWh, equivalent to annual consumption for more than 1,200 houses. New doors and lids on refrigerators and freezers and better heat recovery are examples of measures we are implementing in our existing buildings. For new buildings both within retail, industry and wholesale, NorgesGruppen sets high environmental requirements.

Increased use of capacity volume in transportation and in packaging, as well as reduced use of plastic, are important environmental goals for all business areas in NorgesGruppen. These areas are closely linked, and we have conducted a systematic review of all packaging of fruits and vegetables to remove plastic packaging where it is not necessary to preserve food quality. These efforts also provide opportunities for us to increase stacking capacity in distribution.

The percentage of food waste that goes to production of biogas is currently at 85 per cent, and by 2020, the goal is that no food waste will be incinerated. NorgesGruppen's goal to reduce food waste by 50 per cent in its own operations by 2025 is ambitious, but within reach. Between 2015 and 2017, we reduced food waste by 19 per cent, mainly by means of continual optimisation in logistics between our warehouses and stores, price adjustments on products that are about to expire, and donation of food to voluntary organisations and food distribution centres.

We want to make everyday life easier for our customers. We work to have the most attractive range of goods at the lowest possible cost. We make sure that customers save time and money, and that it is easier to make healthy, green choices. This combination has helped NorgesGruppen to continually take market share in a challenging market, while at the same time increasing its financial strength. This is what gives us the competitive edge we need to operate effectively, keep prices down – and to work towards a sustainable and climate-neutral business. Sustainable development is all about taking care of the needs of the generation of today, without destroying the opportunities of future generations. We will continue to contribute to a sustainable development – because it is good business.

NorgesGruppen will strive to monitor the development of the Green Bond market to continually advance the Green Terms. As such the Green Bond Framework may be updated from time to time to reflect current market practices. In establishing the terms in this framework NorgesGruppen has sought to comply with the Green Bond Principles (June, 2018) as well as the current best market practice.

NorgesGruppen has worked together with Handelsbanken to develop the Green Bond Framework. Cicero has provided a second opinion on the Framework, which is publicly available on NorgesGruppen's website. More information about our work with sustainability is available on our website (norgesgruppen.no/barekraft).

Oslo, 23rd. of January 2019

Runar Hollevik
Group CEO

Mette Lier
Group CFO

Torbjørn Johannson
Chairman of the Board
ASKO

Methodology and Scope

INVESTMENT CATEGORIES

Eligible Projects and Assets are green assets identified within NorgesGruppen's existing assets and ongoing development that support the transition to low carbon intensity and sustainable development. All Eligible Projects and Assets are to contribute to one or more of the following set of global criteria:

- 1. Mitigation (M):** Reduce harmful emissions of greenhouse gas, either by improving and transitioning existing assets through meaningful upgrades and retrofits, or by investing in new assets utilising low carbon intensive technology and environmentally sound solutions.
- 2. Adaptation (A):** Adaptation investments to better withstand the effects brought on by climate change, improving the resilience to climate change and expected changes in the micro-climate and local environment, for instance, increased rainfall, heightened risk of flooding or sea level rise.
- 3. Environment and eco-systems (E):** Support environmental investments with a positive environmental impact other than the direct mitigation of climate change (maximum 15 per cent of net proceeds).

EXCLUSIONS

The net proceeds will not be allocated or linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

ALLOCATION OF NET PROCEEDS

The net proceeds from NorgesGruppen's Green Bonds will be used to finance a selected pool of "Eligible Projects and Assets" in accordance with the Green Bond Framework. The long-term ambition is to allocate the majority of the net proceeds to new projects and assets (defined as projects and assets financed within 12 months from completion). The proportion of net proceeds allocated to new projects and assets will be disclosed in the annual reporting.

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

Agenda 2030 and the Sustainable Development Goals (“SDG”) were adopted by the United Nations General Assembly on 25 September 2015. There are 17 global goals with 169 defined underlying targets, aimed at achieving long-term sustainable economic, social and environmental development in order to eradicate extreme poverty, to reduce inequality and injustice in the world, and to fight climate change.

NorgesGruppen focuses on the following Sustainable Development Goals



This Framework mainly targets the following Sustainable Development Goals



NorgesGruppen has defined five action areas within sustainability and each of them corresponds to one or more of the UN Sustainable Development Goals. NorgesGruppen works towards a sustainable global footprint – both today and in 2030.



A healthier Norway

NorgesGruppen must make it easier to eat healthier, and strengthen public health, among other things by selling more fruit and vegetables, wholegrain products and fish, and reducing salt, sugar and saturated fat in our range, and by offering healthier products. We must offer safer food, and help to make it easier to live healthily, with consumption that is sustainable in the long run.



An ecofriendly Norway

NorgesGruppen aims to be a climate-neutral company, and to spearhead the development of ecofriendly products, renewable energy and climate-friendly transport. Climate measures throughout the value chain, with measures to reduce and utilise waste, are important to achieving more sustainable use of resources and consumption.



A diverse Norway

NorgesGruppen must safeguard the rights, health and safety of our employees, and the manpower included in our value chain. Among other things, this means equal pay for equal work, sound integration and a good learning environment. We are now doubling the number of apprentices and occupational training positions up to 2020.



A thriving Norway

NorgesGruppen has stores and warehouses all over Norway, and therefore a great impact on workplaces and settlement, especially in rural Norway (“Distrikts-Norge”). Promoting sustainable agriculture, and supporting and developing small and medium-sized local food suppliers, are examples of how we contribute to sustaining economic growth across the country.



A sustainable value chain

By working with a sustainable value chain we are contributing to protecting labour rights, reducing impacts on the climate, environment and resources, and safeguarding the welfare of land-based and marine animals. We will contribute to more sustainable agriculture, and overall make production and consumption more sustainable.

Green Terms

1. USE OF PROCEEDS

The net proceeds from the issuance of Green Bonds will be used by NorgesGruppen to, in whole or in part, finance or refinance investments (“Eligible Green Projects and Assets” or “Green Projects and Assets”) that promote the transition to low-carbon, climate resilient and sustainable economies, as well as environmental and ecosystem improvements. The net proceeds will be used exclusively to finance or refinance projects and assets that comply with the categories and criteria set out below, as well as the Exclusion and Allocation criteria (see Methodology and Scope).



I. Clean Transportation (M)

Financing of transportation vehicles with electric or hydrogen technology as well as supportive infrastructure such as charging stations, hydrogen production facilities and other investments that support and emphasize the use of clean transportation solutions.



II. Green Buildings (M)

Financing of development, acquisition, renovation or otherwise completed commercial properties, such as stores and warehouses within NorgesGruppen that have or will receive (i) a design stage certification, (ii) a post-construction certification or (iii) an in-use certification in accordance with BREEAM “Excellent” or “Outstanding”. The building will also follow the applicable national building code (TEK17).



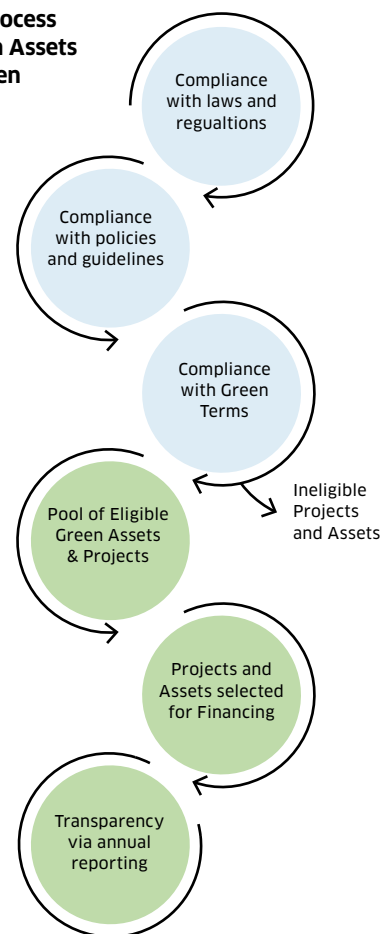
III. Renewable Energy (M)

Financing of renewable energy production, such as wind power installations, small hydro power plants (<10MW), emissions-free geothermal heating and cooling installations, heat pumps and heat exchangers, on-site solar power installations or stand-alone solar farms, as well as related infrastructure investments for example grid connections, electric substations, networks or foundations.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

NorgesGruppen’s business units will identify and nominate projects and assets within the eligible categories to a business council consisting of members from the senior management at NorgesGruppen including the CFO and representatives from the sustainability, treasury and business units. The council will evaluate the nominated projects and assets, and ensure compliance with the Green Terms. A consensus decision by the council is required to approve the Eligible Projects and Assets before any allocation of net proceeds. The projects and assets must also be compliant with applicable national laws and regulations, as well as policies and guidelines at NorgesGruppen. Decisions by the council will be documented. To ensure legitimacy in this process a list of all Eligible Projects and Assets that meet the Green Terms will be kept by NorgesGruppen. The list will be used as a tool to determine if there is a current or expected capacity to issue a Green Bond.

The Selection Process of Eligible Green Assets at NorgesGruppen



3. MANAGEMENT OF PROCEEDS

The net proceeds of any issue under the Green Bond Framework will be credited to an earmarked account (the “Green Account”). Deductions will be made from the Green Account by an amount corresponding to the financing or refinancing of Eligible Green Projects and/or Assets that have qualified according to the Process for Project Evaluation and Selection or to repay a Green Bond. If an Eligible Green Project or Asset no longer qualifies according to the Green Terms or if the underlying Eligible Green Project and Asset is divested, an amount equal to the funds will be re-credited to the Green Account pending reallocation to other Eligible Green Projects and/or Assets. Net proceeds may be reallocated to other Eligible Green Projects and Assets by the treasury at any time during the term of a Green Bond. NorgesGruppen’s treasury will keep a record of the purpose of any change in the Green Account.

Pending allocation of the net proceeds and while the Green Account has a positive balance, including the unlikely event of there being no Eligible Green Projects and/or Assets, the proceeds may be invested or utilised by treasury in accordance with NorgesGruppen’s financial policy. Such investments are permitted in Norwegian government notes (including related entities), Norwegian municipal notes (including related entities) or commercial papers issued by Nordic banks and corporates (with minimum A-flat rating from a reputable rating agency). The allocation of proceeds will be verified by a third party (see “Annual Review” under Reporting and Transparency).

External Review

NorgesGruppen acknowledges the recommendation in the Green Bond Principles regarding transparency and verification of net proceeds allocation. The allocation of net proceeds will be verified by NorgesGruppen’s external auditor. For further information, see the “Annual Review” section under Reporting and Transparency.

4. REPORTING AND TRANSPARENCY

NorgesGruppen will publish an annual report on its website (www.norgesgruppen.no) that will detail the allocation of green bond net proceeds and adherence to the Green Terms (the “**Reporting**”). The first such Reporting is expected to take place in April 2020 and will be available in Norwegian.

The Reporting will contain information on the Eligible Green Projects and Assets and a summary of NorgesGruppen’s Green Bond activities in the preceding year, as well as information, including examples of the Eligible Green Projects and Asset’s adherence to the relevant criteria in the Framework.

Allocation Disclosure

- NorgesGruppen will provide allocation reporting for each of the Use of Proceeds categories in the Framework. Emphasis will be placed on providing examples and allocation reporting to single projects based on size.
- The sum of outstanding Green Bonds.
- The sum of the Green Account balance (including any short term investments or funds managed within NorgesGruppen’s liquidity portfolio).
- The proportion of net proceeds allocated to new investments (see definition under Methodology and Scope).
- All data is to be as of the end of the previous year.

Performance Reporting

The Reporting will contain a disclosure of asset level performance indicators. The reporting will strive to disclose the impact based on the green bond financing’s share of the total investment. For projects and assets that are not yet operational, NorgesGruppen will strive to provide estimates of future performance levels. NorgesGruppen will emphasise energy production/savings and greenhouse gas savings as the most relevant performance metrics for most project types.

The data will be provided in a table format and disclosing, where and when available, the following indicators and measurements:

Impact Metrics for Clean Transportation

- i. Annual absolute (gross) greenhouse gas emissions in CO₂e.
- ii. Annual absolute (gross) greenhouse gas savings in percentage.
- iii. The number of financed low carbon vehicles.
- iv. The number of charging stations for electric vehicles installed.
- v. The amount of hydrogen produced (kg).

Impact Metrics for Green Buildings

- i. Environmental certification.
- ii. Energy consumption disclosed by absolute consumption (kWh) and intensity (kWh per square meter) per year.
- iii. Calculated carbon footprint disclosed by absolute emissions (tons) and intensity (kg per square meter). The greenhouse gas emissions are monitored annually by NorgesGruppen in accordance with the Greenhouse Gas Protocol per year.

Impact Metrics for Renewable Energy

- i. Yearly production (GWh).
- ii. For an installation of renewable energy in a real estate asset the percent of the assets total energy use supplied by the installation will be disclosed.
- iii. Prevented CO₂e emissions from production (tonnes).

Annual Review

The external auditor of NorgesGruppen, or a similar party appointed by NorgesGruppen with the relevant expertise and experience, will investigate and report whether an amount equal to the Green Bond net proceeds have been allocated to the Eligible Green Projects and Assets that NorgesGruppen has communicated in the Reporting. The conclusions will be provided in a signed statement, which will be published on NorgesGruppen's website (<https://www.norgesgruppen.no/finans/gjeldsfinansiering/gronne-obligasjonslan/>).

Dedicated Website

NorgesGruppen will provide a dedicated webpage for Green Bonds at its website (<https://www.norgesgruppen.no/finans/gjeldsfinansiering/gronne-obligasjonslan/>) where investors can find information regarding NorgesGruppen's Green Bonds, including:

- ✓ The Green Bond Framework
- ✓ The Second Opinion
- ✓ The Reporting
- ✓ The Annual Review
- ✓ Investor Presentations

Definitions

HFC means hydro fluorocarbons.


BREEAM Excellent means the rating Excellent within BREEAM, a grading scheme for the real estate sector developed by BRE Global, as well as local adaptations such as BREEAM-NOR developed by the Norwegian Green Building Councils, pursuant to their definition at the time of receipt of the relevant certification.

TEK means the Norwegian national building regulation set up by Ministry of Local Government and Regional Development, determining the regulatory requirements and offering general advice regarding health, environmental, safety and energy at all stages of planning, construction and operations of real estate assets.

Policy documents that govern NorgesGruppen's Environmental and Sustainability work

Public Policies and Guidelines are available at NorgesGruppen.no

	Name	Publicly available
1	Annual report and Sustainability Report 2017	Link
2	Ethical Guideline	Link
3	Code of Conduct	Link
4	Financial Policy	Non-public
5	Sustainability Policy	Non-public
6	Purchase Policy	Non-public

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**Our vision is to
provide you with a
better everyday life.**

www.norgesgruppen.no

NorgesGruppen has 1,835 grocery stores across Norway. These stores offer food and beverage products from the full range of major international suppliers, as well as local Norwegian suppliers. We have just below 28,000 employees in activities owned by NorgesGruppen and almost 40,000 employees in total when retailer-owned stores are included. Read more at norgesgruppen.no.

Would you like to learn more about how we manage sustainability? See norgesgruppen.no



NorgesGruppen