

Green Finance Framework



Green Cargo Green Finance Framework

Report Q3 2020

Sustainable business

Sustainability has long been a natural part of Green Cargo's operations. For us, the concept encompasses a holistic approach to responsible and sustainable business – that we assume societal, environmental and financial responsibility. This also forms the basis for creating long-term profitability.

Green financing

Use of Proceeds

The net proceeds of green finance will be used exclusively to finance or re-finance investments and projects that are eligible pursuant to the criteria contained in the general rules for green finance and which have been evaluated and selected by Green Cargo in accordance with our green finance framework.

The net proceeds of green financing are allocated to new and existing projects and assets. The total proceeds, from one or more funding sources, allocated to any specific green asset may not exceed the asset's value.

In cases where green debt raised may periodically exceed the value of eligible assets and projects, these funds will be allocated to bank accounts or managed in accordance with Green Cargo's normal short-term liquidity management. No funds will be allocated to assets related to fossil fuels.

Limitations

The net proceeds will not be allocated or linked to any investments or projects pertaining to fossil fuel.

Performance indicators



Green Cargo works systematically to reduce its climate impact. Therefore, the company reports its carbon emission reductions and energy efficiency on an annual basis.

| Indicators | Score 2020, Q3 | Score 2019 | Score 2018 | Goal 2020 | Goal 2021 |
|------------------------------------|----------------|------------|------------|-----------|-----------|
| gram CO2e/tonne km* | 3,01 | 3,09 | 2,95 | 2,66 | 2,53 |
| kWh/tonne km electric rail traffic | 0,038 | 0,037 | 0,037 | 0,035 | 0,033 |

*Tonne kilometer is the same as net tonne kilometer, which is defined as one tonne of goods transported a distance of one kilometer. Accordingly, ten tonnes of goods transported 100 kilometers corresponds to 1,000 net tonne kilometers.

Investment projects

The net green finance proceeds will be used to fully or partially finance or re-finance investments and costs that promote fossil-free transportation. Initially 100 % of the net proceeds will be used to finance new energy efficient electric locomotives. No funds will be allocated to investments or projects older than two years.

| Category | GBP/GLP ¹ category | Project description | Impact on SDGs |
|---|-------------------------------|--|---|
| Fossil-free transportation solutions | Clean Transportation | <p><i>New energy efficient electric locomotives</i></p> <p>The locomotives creates possibilities for more efficient logistics solutions, particularly for heavier shipments and gives almost no greenhouse gas emissions .</p> <p>The increased tractive power means a lower environmental impact since, in total, less energy is used compared to running a higher number of lighter trains. This also gives significant positive effects on kwh/tonne km</p> |   |
| <p><i>Impacts</i></p> <p>gram CO2e/tonne km</p> <p>kWh/tonne km</p> | | | |

Green Loans, eligible assets and use of proceeds

The fundamental determinant of a green loan is the utilisation of the loan proceeds for investing in Green Assets and Projects. With our reporting we show that we meet that requirement.

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| Green Loans | | |
|-------------|-----------------------|------------------------|
| RCF 30 MEUR | Committed funds, sum: | Used funds, total sum: |
| 2019 Q4 | 30 MEUR | |
| 2020 Q1 | 15 MEUR | 15 MEUR |
| 2020 Q2 | 15 MEUR | 15 MEUR |
| 2020 Q3 | 15 MEUR | 15 MEUR |

¹ Green Bond Principles, Green Loan Principles

| Investments in eligible Green Assets | | |
|--|---------------------------|--------------------------------------|
| Category: Fossil-free transportation solutions | | |
| | New Electric locomotives: | New Electric locomotives. Total sum: |
| 2019 Q1 | 0 MEUR | 4 MEUR |
| 2019 Q2 | 0 MEUR | 4 MEUR |
| 2019 Q3 | 0 MEUR | 4 MEUR |
| 2019 Q4 | 5 MEUR | 9 MEUR |
| 2020 Q1 | 1 MEUR | 11 MEUR |
| 2020 Q2 | 9 MEUR | 20 MEUR |
| 2020 Q3 | 12 MEUR | 32 MEUR |