



## ELIGIBILITY ASSESSMENT

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# BW OFFSHORE GREEN BOND FRAMEWORK DATED MAY 2021

**Prepared by:** DNV Business Assurance Norway AS

**Location:** Oslo, Norway

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### Disclaimer

Our assessment relies on the premise that the data and information provided by BW OFFSHORE to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

### Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct<sup>1</sup> during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

<sup>1</sup> DNV Code of Conduct is available on the DNV website ([www.dnv.com](http://www.dnv.com))

## DNV ELIGIBILITY ASSESSMENT

### Scope and Objectives

DNV Business Assurance Services Norway AS (henceforth referred to as "DNV") has been commissioned by BW Offshore Limited (henceforth referred to as "BW OFFSHORE" or "Issuer") to provide an eligibility assessment on BW OFFSHORE's green bond framework (the "Framework"). Our methodology to achieve this is described under 'Work Undertaken'. We were not commissioned to provide independent assurance or other audit activities.

BW OFFSHORE (Oslo Stock Exchange ticker: BWO) is a global provider of floating production services, with its main activities in engineering, procurement, construction and installation, lease, and operation of FPSOs for the oil & gas industry. With its experience and expertise in floating offshore energy solutions, BW OFFSHORE is now committed to investing in renewable energy production solutions to transition towards a low-carbon and environmentally sustainable society. BW OFFSHORE is part of BW Group, a global maritime company involved in shipping, floating infrastructure, deepwater oil & gas production and new sustainable technologies. BW OFFSHORE's recent investment in floating offshore wind follows BW OFFSHORE's commitment to invest in renewable energy production solutions and fits BW Group's strategic shift towards increased exposure to new sustainable technologies.

The Framework enables BW OFFSHORE to issue Green Bonds to finance Green Projects and describes the use of proceeds, process for project evaluation and selection, management of proceeds and reporting for Green Projects covering activities and investments within BW OFFSHORE and its subsidiaries. The framework has been prepared in cooperation with Danske Bank ("Danske Bank").

The use of Green Bond proceeds will finance investments dedicated to:

- Renewable energy from solar and wind,
- Hydrogen and Ammonia production using 100% renewable electricity,

with eligible categories being **renewable energy** – including production, transmission, appliances, and products, as defined in the ICMA Green Bond Principles 2018 (referred to as "the Principles").

No assurance is provided regarding the non-Green Bond Principle terms within the agreement, including non-Green designated Bond tranches. Our objective has been to provide an assessment that the Green Bonds to be issued under the Framework has met the criteria established on the basis set out below.

### Responsibilities of the Management of BW OFFSHORE and DNV

The management of BW OFFSHORE has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform BW OFFSHORE's management and other interested stakeholders in the Green Bonds as to whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by BW OFFSHORE. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by BW OFFSHORE management and used as a basis for this assessment were not correct or complete.

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## Basis of DNV's opinion

We have adapted our Green Bond eligibility assessment methodology, which incorporates the requirements of the ICMA Principles, to create a BW OFFSHORE specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol") - see Schedule 2. Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per our Protocol, the criteria against which the Green Bond Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a Green Bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a Green Bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a Green Bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the Green Bond investors should be made of the use of instrument proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by BW OFFSHORE in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an BW OFFSHORE-specific Protocol, adapted to the purpose of the Green Bond Framework, as described above and in Schedule 2 to this Assessment;
  - Assessment of documentary evidence provided by BW OFFSHORE on the Green Bonds and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
  - Discussions with BW OFFSHORE's management and review of relevant documentation and evidence related to the criteria of the Protocol;
  - Discussions with the BW OFFSHORE Chief Executive Officer on the company's Sustainability strategy;
  - Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
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## Findings and DNV's opinion

DNV's findings are listed below:

### 1. Principle One: Use of Proceeds.

The use of the Green Bond proceeds will finance Green Projects within the following categories as outlined in BW OFFSHORE's Green Bond Framework:

- **Renewable Energy from solar and wind.** Wind and solar energy generation facilities, related research & development as well as dedicated supporting infrastructure.
- **Green Hydrogen Production.** Production facilities using 100% renewable electricity to produce hydrogen ("Green Hydrogen"), related research & development as well as dedicated infrastructure.
- **Green Ammonia Production:** Production facilities using 100% renewable electricity to produce ammonia ("Green Ammonia"), related research & development as well as dedicated infrastructure.

A Green Project is defined as acquisitions of companies, subsequent capital raises and the refinancing (included related costs) of ownership in companies or joint ventures, which derive at least 90% of its revenues from these activities.

DNV concludes that the above Use of Proceeds fall within the defined category of *Renewable Energy (including production, transmission, appliances and products)* of the ICMA Green Bond Principles 2018.

### 2. Principle Two: Process for Project Evaluation and Selection.

The evidence reviewed by DNV demonstrates that BW OFFSHORE has put in place a decision-making process that is appropriate for selecting and evaluating the eligibility of Green Projects against the set of Green Project Criteria specified in the Framework. Sustainability experts and representatives within BW OFFSHORE will select and evaluate potential Green Projects, assess Green Project compliance with the criteria and specified exclusions, before being presented to the BW OFFSHORE Green Bond Committee (GBC), comprising of the CEO, CFO and Sustainability Manager. For a project to qualify as Green Project under the Green Project Criteria, the GBC must reach consensus. All decisions will be documented and filed.

### 3. Principle Three: Management of Proceeds.

DNV concludes that the Green Bond net proceeds will be tracked in an appropriate manner by crediting an amount equal to that of the Green Bond net proceeds to a separate account. All transfers from the separate account towards eligible Green Projects will be documented to ensure a full audit trail and support transparent reporting to investors. Further, DNV confirms that the management of the Green Bond net proceeds, including the internal tracking procedure and allocation of funds will be reviewed by an external auditor. It is BW OFFSHORE's clear ambition to allocate net proceeds in line with arising eligible Green Projects, and at least within 24 months of the issuance date. Net Proceeds awaiting allocation will be temporarily placed in the overall liquidity reserve of BW OFFSHORE, where the Framework describes appropriate exclusions for temporary holdings.

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#### 4. Principle Four: Reporting.

DNV can confirm that there will be annual reporting to investors on Allocation and Impact in the form of a Green Bond Report. This report will be published to investors and made available on the Issuer's website. DNV concludes that the suggested metrics provide quantified performance measures relevant to the ICMA Green Project category and in line with ICMA's suggested indicators<sup>2</sup> for reporting under SDG 7: Affordable and Clean Energy.

Based on the information provided and the work undertaken, it is DNV's opinion that the Green Bond Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles 2018, being "enable capital-raising and investment for new and existing projects with environmental benefits". It is DNV's opinion that the Green Bond Framework ensures that Green Bond net proceeds will solely benefit eligible Green Projects with clear environmental benefits, thereby leading to greater environmental sustainability through specific projects and supporting BW OFFSHORE's strategy to transition towards a low carbon future.

#### for DNV Business Assurance Norway AS

Oslo, 10<sup>th</sup> of May 2021

A handwritten signature in black ink that reads "Daniel Brenden".

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**Daniel Brenden**  
Lead Assessor

A handwritten signature in black ink that reads "Mark Robinson".

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**Mark Robinson**  
Senior Reviewer

#### About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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<sup>2</sup> Green, Social and Sustainability Bonds: A high-level mapping to the Sustainable Development Goals, ICMA, June 2020 ([link](#))

## 1 SCHEDULE 1: DESCRIPTION OF CATEGORIES/EXAMPLE GREEN PROJECTS TO BE FINANCED THROUGH GREEN BONDS

Green Bond Principles Category	Example Green Projects
<p><b>Renewable Energy</b></p>	<p><b>1. Wind and solar energy generation facilities, related research &amp; development as well as dedicated supporting infrastructure.</b></p> <p>Example projects include:</p> <ul style="list-style-type: none"> <li>• Refinancing existing intercompany debt originally incurred to finance Green Projects, like BW OFFSHORE’s investment in Ideol S.A., creating BW Ideol, a global integrated floating offshore wind company as well as the subsequent capital raise.</li> <li>• Financing of investments related to floating wind acreage off the coast of Scotland in the upcoming ScotWind leasing round, considering BW OFFSHORE’s recent partnership with renewable energy and utility company Invenergy.</li> </ul> <p><b>2. Green Hydrogen and Ammonia production, related research &amp; development as well as dedicated supporting infrastructure.</b></p> <p><i>From discussions with BW OFFSHORE’s senior management, DNV understands that there are no specific investments to be included as example projects under this category at this point in time. BW OFFSHORE’s strategy is to find partnerships with players where BW OFFSHORE’s expertise and experience is complementary and reduces the time to market for renewable energy production solutions, thereby accelerating the energy transition.</i></p> <p>More generally, this could include:</p> <ul style="list-style-type: none"> <li>• Green Hydrogen Production Projects, including dedicated supporting infrastructure.</li> <li>• Acquisitions of companies with its main activity in hydrogen production using 100% renewable electricity.</li> <li>• Production facilities converting Green Hydrogen to an Ammonia end-product, including dedicated supporting infrastructure,</li> <li>• Acquisitions of companies with its main activity in Green Ammonia production.</li> </ul>

## 2 SCHEDULE 2: BW OFFSHORE – SPECIFIC GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

### 2.1 Use of proceeds

Ref.	Criteria	Requirements	Work undertaken	DNV Findings
1a	Type of Bond	Green Bonds are any type of bond made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects. Green Bonds must align with the four core components of the GBP, as set out below. Green Bonds should not be considered interchangeable with bonds that are not aligned with the four core components of the GBP.	Discussions with BW OFFSHORE and review of the following documents: <ul style="list-style-type: none"> <li>BW OFFSHORE Green Bond Framework</li> <li>BW OFFSHORE’s general information provided on its website related to its listed bonds</li> <li>Formal Q&amp;A Process</li> <li>Conversation with CEO</li> <li>BW OFFSHORE - Draft Term Sheet - 21 April 2021</li> </ul>	<p>DNV confirms that BW OFFSHORE’s Green Bond Framework is intended for the issuance of new, to be issued, Green Bonds. Therefore, no final legal documentation is available, but DNV has reviewed the draft bond term sheet which confirms that the purpose of the bond net proceeds will finance Green Projects as defined by BW OFFSHORE’s Green Bond Framework.</p> <p>For bonds (non-Green) currently outstanding, BW OFFSHORE publishes details and links to the bond agreements for all listed bonds on the Oslo Stock Exchange on its website.</p> <p>DNV concludes that the BW OFFSHORE Green Bond Framework clearly describes the utilization of proceeds for to be issued Green Bonds. In combination with the Issuer’s clear intention to specify the use of proceeds in future bond documentation, DNV concludes that the Framework ensures that any type of Green Bond will exclusively finance eligible Green Projects under the Green Project Criteria outlined.</p>
1b	Green Project Categories	The cornerstone of a Green Bond is the utilization of the proceeds which should be appropriately described in the	Discussions with BW OFFSHORE and review of the following documents: <ul style="list-style-type: none"> <li>BW OFFSHORE Green Bond Framework</li> </ul>	DNV concludes that the use of the Green bond proceeds will finance and refinance investments in Green Projects within the categories outlined in the BW OFFSHORE Framework.

Ref.	Criteria	Requirements	Work undertaken	DNV Findings
		legal documentation for the security.	<ul style="list-style-type: none"> <li>Formal Q&amp;A Process</li> <li>Conversation with CEO</li> </ul>	<p>A Green Project is defined as acquisitions of companies, subsequent capital raises and the refinancing (included related costs) of ownership in companies or joint ventures, which derive at least 90% of its revenues from the following activities:</p> <ul style="list-style-type: none"> <li><b>Renewable Energy from solar and wind.</b> Wind and solar energy generation facilities, related research &amp; development as well as dedicated supporting infrastructure.</li> <li><b>Green Hydrogen Production.</b> Production facilities using 100% renewable electricity to produce hydrogen (“Green Hydrogen”), related research &amp; development as well as dedicated infrastructure.</li> <li><b>Green Ammonia Production:</b> Production facilities using 100% renewable electricity to produce ammonia (“Green Ammonia”), related research &amp; development as well as dedicated infrastructure.</li> </ul> <p>DNV concludes that the Use of Proceeds dedicated towards Renewable Energy, Green Hydrogen and Green Ammonia are clearly described and fall within the defined category of <i>Renewable Energy (including production, transmission, appliances, and products)</i> of the ICMA Green Bond Principles 2018.</p>
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed	<p>Discussions with BW OFFSHORE and review of the following documents:</p> <ul style="list-style-type: none"> <li>BW OFFSHORE Green Bond Framework</li> <li>Formal Q&amp;A Process</li> </ul>	<p>The entirety of the Green Bond proceeds will be used to finance Green Projects dedicated to:</p> <ol style="list-style-type: none"> <li>Renewable energy projects</li> <li>Green Hydrogen production projects</li> </ol>

Ref.	Criteria	Requirements	Work undertaken	DNV Findings
		by the Issuer.	<ul style="list-style-type: none"> <li>• Conversation with CEO</li> <li>• BW Ideol Company Presentation, March 2021</li> <li>• BW OFFSHORE - Draft Term Sheet - 21 April 2021</li> <li>• BW OFFSHORE Annual Report 2020</li> <li>• BW OFFSHORE Sustainability Report 2020</li> </ul>	<p>3. Green Ammonia production projects</p> <p>DNV is of the opinion that the three categories provide <u>clear environmental benefits</u> and are set to play key roles in driving cross-sectoral decarbonisation over the coming decades.</p> <p><b>Renewable energy projects</b> generate zero-emission electricity that facilitate the reduction of CO<sub>2</sub> emissions from a number of applications that at present use fossil-generated electricity. Renewable electricity generation growth is also a precondition for facilitating decarbonisation through the electrification of fossil fuel use, i.e. in transport or by means of hydrogen production. Electrification driven by renewable electricity is also considered the main driver of accelerating efficiency gains in the broader energy system, key to bringing forward the absolute primary energy demand peak. For <u>floating wind power</u> specifically, the technology is considered key to unlocking offshore wind in a number of power markets for which substantially scaling up fixed-bottom is less feasible, including Japan and Westcoast United States, as well as opening new areas for development with scope for higher generation capacity factors than available for fixed-bottom in established offshore wind markets. DNV thus expects the at present relatively nascent technology to play a key role in helping to decarbonise power generation over the coming decades, and that substantial investment and technology deployment is key to unlocking these technologies that result in environmental benefits in a cost-competitive and timely manner.</p> <p><b>Green hydrogen projects (using 100% renewable electricity)</b> are key to enabling the decarbonisation of hard-to-abate sectors in</p>

Ref.	Criteria	Requirements	Work undertaken	DNV Findings
				<p>manufacturing (like steel production) as well as in transport (like long-haul heavy road transport and international aviation) by serving as an energy-storage medium of zero-carbon energy. Accelerating investment into Green hydrogen is key to lowering technology costs, accelerating the uptake of zero-carbon hydrogen across a wide span of sectors. DNV also highlights electrochemical Green Hydrogen production as a promising technology for absorbing power supply peaks from intermittent wind and solar power generation. This mitigates the supply/demand mismatch challenge associated with intermittent renewables, supporting the business case for wind and solar projects and bolstering efforts to drive decarbonisation through renewables technology deployment.</p> <p><b>Green Ammonia, an end-product produced from Green Hydrogen</b>, is key to reducing the carbon footprint from grey ammonia, a large contributor to global carbon emissions from the chemicals sector. Green ammonia is key to reducing the carbon footprint of fertilisers production, which to date represents about 80% of total ammonia demand. In DNV's opinion, Green Ammonia is also a key future energy carrier for long-term energy storage and as a zero-carbon fuel that can reduce the carbon footprint from the shipping industry. This is amongst others due to ammonia's relatively high hydrogen density and relatively low liquefaction temperature (33.3C°). DNV concludes that investments in green ammonia production will result in clear environmental benefits.</p> <p>DNV considers that the Framework and Term sheet ensure that the purpose of the Green Bonds will lead to greater environmental sustainability through specific projects, categorised by the proposed Green Project Criteria. Issued Green Bonds will increase BW OFFSHORE's liquidity only for eligible Green Projects governed by the</p>

Ref.	Criteria	Requirements	Work undertaken	DNV Findings
				Framework and provides BW Offshore with additional financing capacity to fund investments in renewable activities, thereby transitioning its business model faster away from oil and gas towards a low carbon future. This is in line with ICMA GBP's overarching principle that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".
1d	Refinancing share	If a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing and clarify which investments may be refinanced.	Discussions with BW OFFSHORE and review of the following documents: <ul style="list-style-type: none"> <li>• BW OFFSHORE Green Bond Framework</li> <li>• Formal Q&amp;A Process</li> <li>• Conversation with CEO</li> <li>• BW OFFSHORE - Draft Term Sheet - 21 April 2021</li> <li>• BW OFFSHORE Annual Report 2020</li> </ul>	The allocation report, provided to all Green Bond investors on an annual basis, will include the share of new financing versus refinancing. The Example Green Projects (Schedule 1) are examples of investments, which include the refinancing of intercompany debt incurred in February 2021 related to the investment in Ideol S.A.  DNV considers this in line with market practice and requirements defined in the Principles.

## 2.2 Process for evaluation and selection

Ref.	Criteria	Requirements	Work undertaken	DNV Conclusion
2a	Investment-decision process	The Issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds. This includes, without limitation: <ul style="list-style-type: none"> <li>• A process to determine how the projects fit within the</li> </ul>	Discussions with BW OFFSHORE and review of the following documents: <ul style="list-style-type: none"> <li>• BW OFFSHORE Green Bond Framework</li> <li>• Formal Q&amp;A Process</li> <li>• Conversation with CEO</li> </ul>	The documents reviewed by DNV demonstrates appropriately that BW OFFSHORE has put in place a decision-making process to select and evaluate the eligibility of Green Projects. BW OFFSHORE's Green Bond Framework states that the Green Project Evaluation and Selection Process will comply with the Green Project Criteria, which are clearly described in the framework, and that the process ensuring this compliance will be through three steps: <ol style="list-style-type: none"> <li>1. Sustainability experts and representatives within BW</li> </ol>

Ref.	Criteria	Requirements	Work undertaken	DNV Conclusion
		<p>eligible Green Projects categories identified in the Green Bond Principles;</p> <ul style="list-style-type: none"> <li>• The criteria making the projects eligible for using the Green Bond proceeds; and</li> <li>• The environmental sustainability objectives.</li> </ul>		<p>OFFSHORE will select and evaluate potential Green projects, by assessing their compliance with the Green Project Criteria outlined in the Green Bond Framework and their environmental benefits. Such benefits will be that Green Projects, in accordance with the Green Project Criteria, support the transition to a low-carbon and environmentally sustainable society by virtue of being fully renewable energy solutions.</p> <ol style="list-style-type: none"> <li>2. BW OFFSHORE will ensure that the Green Projects identified do not violate the exclusions outlined for Use of Proceeds.</li> <li>3. The potential Green Projects identified through Step 1 and 2 will be presented to BW OFFSHORE’s Green Bond Committee – comprising the CEO, CFO and Sustainability Manager. This committee, chaired by the CEO, is responsible for determining whether a project can qualify as a Green Project under the Green Project Criteria, requiring a consensus decision. These decisions will be documented and filed.</li> </ol> <p>It is in DNV’s opinion that the above process will ensure the identified Green Projects’ eligibility with the Issuer’s Use of Proceeds Green Project categories and specified exclusions.</p>
2b	<p>Issuer’s environmental and social and governance framework</p>	<p>The Issuer of a Bond should clearly communicate to its investors their environmental sustainability objectives;</p> <p>Issuers are encouraged to position this information within the context of their overarching objectives, strategy, policy</p>	<p>Discussions with BW OFFSHORE and review of the following documents:</p> <ul style="list-style-type: none"> <li>• BW OFFSHORE Green Bond Framework</li> <li>• Formal Q&amp;A Process</li> <li>• BW OFFSHORE Sustainability Report 2020</li> <li>• BW OFFSHORE Corporate Governance Report 2020</li> </ul>	<p>DNV concludes that BW OFFSHORE’s Green Project evaluation and selection process reflects the broader strategic and environmental objectives of the company, as outlined in the evidence listed, and that this is clearly communicated in the Green Bond Framework. Broader efforts include the establishment of an ESG Steering Committee in 2020, and defining 2021 goals across SDG 7, 8, 10, 12, 13, and 16 as outlined BW OFFSHORE’s sustainability report from 2020. Further, the Framework is firmly placed within the context of BW Group strategy, BW OFFSHORE’s largest shareholder, which has invested in and</p>

Ref.	Criteria	Requirements	Work undertaken	DNV Conclusion
		<p>and/or processes relating to environmental sustainability. Issuers are also encouraged to disclose any green standards or certifications to which they are seeking to conform.</p>	<ul style="list-style-type: none"> <li>• BW OFFSHORE Code of Ethics and Business Conduct</li> <li>• BW OFFSHORE Supplier Code of Ethics and Business Conduct</li> </ul>	<p>developed ventures such as BW Solar (solar generation and energy storage) and Cadeler (fixed-bottom offshore wind construction and maintenance).</p> <p>With its core activities within the Oil &amp; Gas sector, BW OFFSHORE recognises the environmental impact of its core operations and clearly communicates the intention to continuously lower its environmental footprint and key relevant actions to enable this.</p> <p>Against this backdrop, the aim to increase the BW OFFSHORE footprint in renewable energy projects and solutions aligns with its commitment to reducing GHG emissions. The aim to capture opportunities within the expansion of the floating offshore wind sector in particular is rooted in using synergies from BW OFFSHORE's existing offshore expertise. In DNV's view, BW OFFSHORE clearly communicates that leveraging company expertise to progress renewable solutions, in order to create stakeholder value, goes hand in hand with unlocking clear environmental benefits by decarbonising electricity generation.</p> <p>To this end, BW OFFSHORE has outlined its aims to gain greater exposure to renewable energy, and how this fit in the broader strategy of the company. DNV concludes that this is clearly communicated in the Framework.</p>

## 2.3 Management of proceeds

Ref.	Criteria	Requirements	Work undertaken	DNV Conclusion
3a	Tracking procedure	The proceeds of a Green Bond should be credited to a dedicated account or otherwise tracked by the Issuer in an appropriate manner, to maintain transparency and promote the integrity of the product.	Discussions with BW OFFSHORE and review of the following documents: <ul style="list-style-type: none"> <li>• BW OFFSHORE Green Bond Framework</li> <li>• Formal Q&amp;A Process</li> </ul>	DNV concludes that the proceeds will be tracked in an appropriate manner by crediting an amount equal to that of the Green Bond net proceeds to a separate account. All transfers from the separate account will be documented to ensure that a documentation trail is available for auditing.
3b	Tracking procedure	Issuers are encouraged to establish an internal governance process through which they can track the allocation of funds towards Green Projects.	Discussions with BW OFFSHORE and review of the following documents: <ul style="list-style-type: none"> <li>• BW OFFSHORE Green Bond Framework</li> <li>• Formal Q&amp;A Process</li> </ul>	DNV can confirm that the management of the Green Bond net proceeds will be through an internal governance process, with the internal tracking procedure and allocation of funds being reviewed by an external auditor. DNV considers the appointment of an external auditor to verify appropriate tracking of Green Bond proceeds to eligible Green Projects best market practice.
3c	Temporary Holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Discussions with BW OFFSHORE and review of the following documents: <ul style="list-style-type: none"> <li>• BW OFFSHORE Green Bond Framework</li> <li>• Formal Q&amp;A Process</li> </ul>	<p>It is BW OFFSHORE’s clear ambition to allocate net proceeds in line with arising opportunities, and at least within 24 months of the issuance date. Net Proceeds awaiting allocation will be temporarily placed in the overall liquidity reserve of BW OFFSHORE, where the Framework describes appropriate exclusions.</p> <p>DNV notes that BW OFFSHORE has currently a minimum liquidity covenant as part of its non-green bond documentation. BW OFFSHORE commitment to allocate Green Bond net proceeds as soon as possible and at least within 24 months from the issuance date is therefore important to ensure that covenant compliance under its regular financings cannot hamper allocation to Green Projects.</p>

## 2.4 Reporting

Ref.	Criteria	Requirements	Work undertaken	DNV Conclusion
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	Discussions with BW OFFSHORE and review of the following documents: <ul style="list-style-type: none"> <li>• BW OFFSHORE Green Bond Framework</li> <li>• Formal Q&amp;A Process</li> <li>• BW OFFSHORE Annual Report 2020</li> </ul>	<p>DNV concludes that the reporting requirements are satisfactorily described in the BW OFFSHORE Green Bond Framework. A Green Bond Report will be published annually to investors and made available on the BW OFFSHORE website until the maturity of the Green Bond issued. This report will provide an overview of the allocation of Green Bond Proceeds and the environmental impact of the Green Projects.</p> <p>In terms of allocation reporting, the Green Bond Report will provide an overview of the balance of Green Projects in the separate account, including temporary investments (if any) and available unallocated Net Proceeds. A part of this reporting will be to show the proportion Green Bond Proceeds used at the aggregated Green Project Category, as well as the proportion of new financing versus re-financing - including the expected look-back period where relevant. A list of Green Projects to where the Green Proceeds have been allocated, with accompanying brief descriptions of projects and allocated amount, will also be provided.</p> <p>The Impact reporting for the Renewable Energy, Green Hydrogen and Green Ammonia Green Project categories will focusing on renewable energy generated (GWh per year) and reduced/avoided GHG emissions (tonnes of CO<sub>2</sub> equivalent emissions). For the Hydrogen and Ammonia categories, the reduction/avoidance of CO<sub>2</sub> emissions are realized by the applied technology at the end-user stage.</p> <p>DNV concludes that the suggested metrics provide quantified performance measures relevant to the ICMA Green Project categories and in line with ICMA's suggested indicators for reporting under SDG 7:</p>

Ref.	Criteria	Requirements	Work undertaken	DNV Conclusion
				<p>Affordable and Clean Energy.</p> <p>Finally, BW OFFSHORE reports under the Task Force on Climate-related Financial Disclosures (“TCFD”). This taskforce streamlines energy and carbon reporting, and DNV considers BW OFFSHORE’s commitment to this a strong indicator that the company aims to transparently provide market information on climate-related financial risks. This commitment is described in BW OFFSHORE’s publicly available sustainability policy report from 2020.</p>