



Oslo

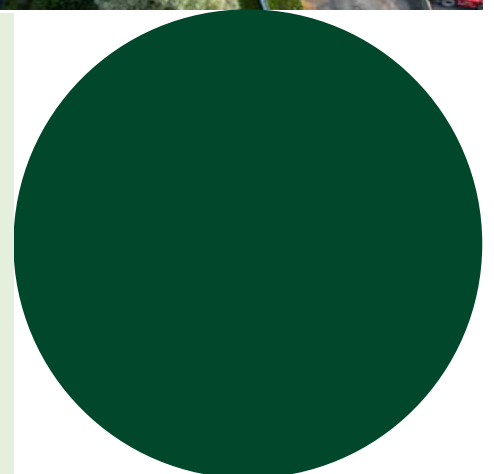
City of Oslo



Photo: Nedim Dizdarevic /  
The City of Oslo

# City of Oslo Green Bond Framework

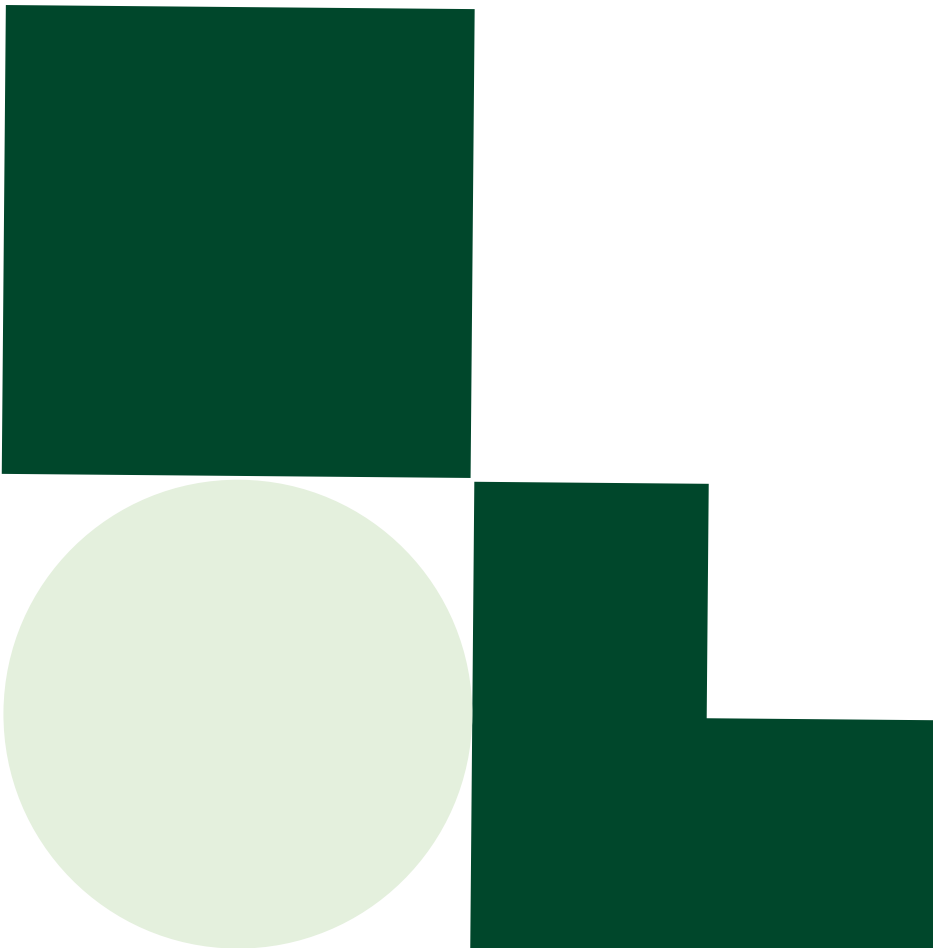
February 2025



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# 1. Framework Structure

This Green Bond Framework is structured in alignment with the ICMA Green Bond Principles (GBP) 2021 (with June 2022 Appendix I). As such, the framework consists of the core components of the GBP and voluntary external review:

1. Use of Proceeds
2. Selection and evaluation of Eligible Projects
3. Management of proceeds
4. Reporting
5. External Review



Photo: John Marius Arlund / The City of Oslo

The City of Oslo is committed to aligning with emerging industry standards, and as these standards progress, this Framework may be revised or updated to align with future changes in market practices.

## 2. Introduction to the City of Oslo

To achieve the targets of the Paris Agreement, cities must take a leading role in reducing greenhouse gas emissions and adapting to climate change. Cities host more than half the global population and the urban population is expected to double by 2050. Although cities are a significant contributor to climate change, they also serve as hubs for innovative solutions which can significantly cut emissions, while also making cities better, cleaner and improving the lives of billions of people. These innovative solutions encompass our daily travel, how we build, the materials we use, how we heat our homes, how we manage our green areas and how we manage our waste.

Our vision for Oslo is to become a city with near-zero greenhouse gas emissions by 2030. This transformation into a climate-adapted, zero-emission city will foster a healthier, more enjoyable urban environment, characterized by efficient governance, low levels of social inequality, and cleaner air and water.

Oslo is a hub for innovation, serving as a testbed for the development and commercialization of cutting-edge climate solutions. By aligning climate and business policies, we are creating a mutually reinforcing framework that drives sustainable growth. As a leader in environmental and climate action, Oslo is accelerating the pace of change both nationally and internationally. By sharing our solutions and experiences, we aim to influence the scale and speed of emission reductions in other cities and countries. By 2030, Oslo has a vision of becoming a «carbon-negative city,» actively reducing atmospheric greenhouse gases through advanced biological and industrial carbon capture and storage technologies.

As the capital city, Oslo is influenced by international conditions. Events such as war in Europe, pandemics, energy crises, climate change fueled natural disasters, migration, and an increasingly uncertain geopolitical landscape are often beyond the city's control yet

require Oslo to adapt swiftly and manage unexpected crises. Oslo's municipal master plan identifies six wicked problems that must be solved in conjunction going forward: the climate and nature crisis, poverty and growing inequality, a challenging housing market and sustainable urban development, youth exclusion, and a growing demographic challenge. The proposed masterplan was recently on public consultation and the final plan will be adopted by the City Government.

The City of Oslo must engage in international cooperation to tackle these complex and interrelated societal issues. The UN Sustainable Development Goals (SDGs) provide a framework to address global challenges and are closely linked to the six wicked problems identified in the master plan. The SDGs encompass many areas of the City's responsibilities and Oslo works daily to achieve these goals. The municipal master plan proposal identifies five overarching goals for the City of Oslo that address the wicked problems and encompass our work towards the SDGs.

**Goal 1:** Oslo provides equal opportunities for everyone to learn, grow, and live good lives

**Goal 2:** Oslo is green and vibrant

**Goal 3:** Oslo is innovative and attractive

**Goal 4:** Oslo is open, inclusive, and safe

**Goal 5:** Oslo is well-governed and delivers citizen-oriented and cohesive services

Addressing future challenges increasingly requires collaboration and interdisciplinary approaches. SDG 17, Partnerships for the Goals, is particularly crucial for the City, as shared goals provide a structure for collaboration. This is something Oslo has taken to heart and Oslo's Climate Strategy, which was adopted in 2020, had support across the political spectrum. The strategy aims for the city to reduce direct emissions 95% by 2030, compared to 2009. It also includes goals for climate adaptation, nature conservation, reduced energy use and for consumption-based emissions to be significantly lower in 2030 than in 2020. Furthermore, it outlines a vision for Oslo to be a «carbon-negative city» by 2030. The current City Government has climate action as one of

its two top priorities.

The City of Oslo has taken a lead role on climate governance, through development and deployment of the Climate Budget from 2017. This framework requires sectoral cooperation and interdisciplinary approaches. It ensures that climate action is fully integrated in the annual budgeting process, securing reporting, assessment of progress and allocation of responsibilities across agencies. This is an approach that has gained momentum internationally and having a climate budget has been proposed as a leadership standard for C40 cities, an international network of nearly 100 cities that are leading on climate action.

Initially Oslo's climate budget focused on direct emissions, reflecting the key goal to become the first zero emission city. The City of Oslo is well underway with this transition. Greenhouse gas emissions from City's government operations have decreased by 91% in 2023 compared to 2012. Meanwhile, territorial emissions have gone down by 28% in 2022 compared to 2009 levels and are projected to decrease by just under 70% by 2030 with Oslo's adopted climate measures. Through the climate budget process, the City of Oslo is continually searching for new climate measures that can bring us closer to our 2030 goal. See the City of Oslo's latest climate budget on [klimaoslo.no](https://klimaoslo.no) for up-to-date information on progress towards climate targets.

Over the last few years, the scope of the climate budget has been expanded to include a wider range of goals and topics, such as energy, indirect emissions and most recently climate adaptation and nature conservation. The extension of the climate budget reflects an expanded focus on, particularly, climate adaptation and circular construction.

### Climate adaptation

The City of Oslo has its own Climate Vulnerability Analysis. Furthermore, the Agency for Planning and Building Services has developed a guidance document for stormwater management and climate adaptation that encompasses requirements and guidelines for spatial planning, new buildings, and blue-green infrastructure with regard to a changing climate. They also have a stand-alone action plan for green roofs and facades. Oslobygg, the City of Oslo's property enterprise, has strict requirements for stormwater management for new buildings and major rehabilitation

projects, incorporating solutions such as green roofs, rain gardens, sunken sports fields, and more. All stormwater management must be open, natural, and local (handled within the property itself). As a result, new buildings and major renovations are well-prepared for climate change and increased rainfall.

### Case: New water supply project

The present main water supply for Oslo relies on one raw surface water source with limited capacity, and one main water treatment plant. A severe drought or other critical incident could have severe consequences for Oslo, and the drought-risk is expected to increase because of climate change. Oslo is currently developing a new water supply for Oslo to secure the city, hereby increasing the water safety and robustness for the inhabitants and contributing to the city's climate change adaptation effort. The climate adaptation project includes:

- A new water source with an abundant capacity for water supply purposes
- A new water treatment plant
- New set of major pipelines connecting the treatment plant to the existing water supply infrastructure, prepared to allow for ease of future expansion in case the water demand in Oslo or the surrounding region increases in the distant future (beyond 2060)

### Circular economy and construction

Circular construction is a key priority in Oslo's "Thematic plan for Circular Economy towards 2030", which was adopted by the City Government in 2023. The plan highlights the interrelationship between promoting circular economy and mitigating consumption-based emissions. The building and construction sector is the biggest contributor to the overall footprint. As the City has a much higher share of the market for construction than any other high impact sector, the City can make a big difference. Over almost a decade, the City of Oslo has developed a close relationship with the local construction industry. This work is bearing fruit and across a wide portfolio of municipal construction projects, 77% of energy use was zero-emission in 2023. From 2025 all municipal construction sites will be required to use zero emission construction equipment. The City is also leading the global transformation towards zero-emission construction, aiming to cut in half embodied

carbon from building materials by 2030. Thus, the City's investment budget, with groundbreaking environmental performance requirements, is among the key vehicles to achieve the City's wider environmental sustainability goals.

Furthermore, through innovative actions on sustainable construction, the City has contributed to the development of new policies and practices also at the national and international level. The City of Oslo has a leadership role in the C40 Cities Clean Construction effort, bringing together major global cities around circular materials, electrification and removing embodied carbon emissions. Oslo also heads the EU Big Buyers network for Zero Emission Construction Site, mobilising public procurement in Europe to decarbonise the construction industry.



# 3. Oslo's Green Bond Framework

## 3.1 Use of Proceeds

### Allocation of net proceeds

An amount equal to the net proceeds from Green Bonds issued by the City of Oslo will finance or refinance Eligible Projects. Criteria for Eligible Projects are defined in the framework below.

The City of Oslo may identify at issuance the project categories to be financed.

### Financing and refinancing

Proceeds from Green Bonds issued by the City of Oslo can be used to finance as well as re-finance Eligible Projects from the pool of Green Eligible Assets. The Green Investment Committee can add Eligible Projects to the pool of Green Eligible Assets with a three-year look-back period from the current annual budget, the current annual budget (approved previous year: e.g. 2025 is approved in December 2024) and the four-year economic plan (approved year prior to first year: e.g. 2025-2028 is approved in December 2024).

### EU Taxonomy

The EU Taxonomy provides a classification system for identifying environmentally sustainable economic activities. In order to be considered as aligned with the EU Taxonomy, an activity must meet the Substantial Contribution Criteria (SCC) for at least one environmental objective, do no significant harm (DNSH) to the achievement of the other environmental objectives, and adhere to minimum social safeguards (MS).

While the Use of Proceeds criteria in this framework are not aligned with the EU Taxonomy, the City of Oslo has aimed to reference aspects of the SCC where relevant.


The City of Oslo is actively working on developing its reporting on the EU Taxonomy and will strive to provide additional information on the EU Taxonomy that may be of relevance to the Framework and Green Bonds in the Green Bond Report.

### Exclusions

Proceeds from Green Bonds will not be allocated to assets or projects for which the purpose is fossil energy production, nuclear energy production, gambling, or tobacco.





## Green Buildings

ICMA GBP Category	Green Buildings
ICMA Environmental Objective	Climate Change Mitigation
EU Taxonomy	<p><u>Environmental Objective:</u> Climate Change Mitigation</p> <p><u>Activities:</u> Construction of new buildings, Renovation of existing buildings</p> <p><u>Alignment:</u> SCC</p>
SDG	<p>11</p> 
Criteria	<p><b>New buildings*</b></p> <p>Projects approved by the Oslo City Council in the 2025 (or later) budget.</p> <ul style="list-style-type: none"> <li>• The City of Oslo's own new buildings should meet the plus-energy building standard. Where achieving this standard is not feasible, each project must assess which measures can be implemented to approach the goal of a plus-energy standard. Solar panels on roofs and façades should be installed where appropriate. As a minimum, new buildings must meet passive house standards.</li> <li>• Greenhouse gas emissions from materials used in new and renovated buildings must be reduced by at least 30% compared to the emission levels for materials in the FutureBuilt ZERO reference pathway. This target applies not to individual buildings but to the entire portfolio of new and renovated buildings. Therefore, the client, in dialogue with the contractor, must set a climate requirement for materials in the specific building to ensure that the overall portfolio target is achieved. The baseline assumption is that emissions from materials in each building should be reduced by 30% compared to the reference pathway. Any material choices that are detrimental to the environment must be justified.</li> <li>• Zero emission construction sites are required for all new buildings.</li> <li>• All new buildings should aim for solutions that facilitate the disassembly, reuse, and material recycling of building components during demolition or renovation. Special emphasis should be placed on preserving heavy load-bearing structures. When selecting materials, priority should be given to those that can be repaired, reprocessed, and reused. For renovation projects, new building components must be designed to enable future disassembly and reuse of these components.</li> <li>• Each building project must explore alternatives to fossil-based plastics. Recycled and material-reprocessed plastics should be used instead of fossil-based plastics where market alternatives are available. Plastic packaging from building products must be minimized. All plastic packaging should be reusable and, at a minimum, recyclable.</li> <li>• A greenhouse gas (GHG) account must be prepared for the building in accordance with NS3720. As a minimum, the GHG account should cover the «basic» scope, «without location,» and include modules A1-A5, B4, B5, B6, and C1-C4 as defined in NS3720.</li> </ul> <p><b>Improving existing building stock</b></p> <p>Major renovations</p> <ul style="list-style-type: none"> <li>• All major renovations trigger requirements in accordance with TEK17. The project should aim for a Passive House Standard, in addition to evaluating the use of solar energy on roofs and façades. In the case of major renovations or refurbishments where for example cultural heritage considerations hinder passive house standard, the minimum requirements for building elements, components, and systems in the passive house standard must be met where technically feasible.</li> <li>• Oslobygg aims to reduce energy consumption in its building portfolio by 15% from 2022 to 2026. The organization is also certified in energy management under ISO 50001, which requires systematic and strategic efforts to implement energy-saving measures across its buildings.</li> <li>• Zero emission construction sites are required for all major building renovations.</li> </ul>

\* The criteria set stems from the City of Oslo's standard requirements for new buildings and underlying manuals (only available in Norwegian). For more information on Oslo's goal to reduce emissions from materials and improve energy efficiency see Oslobygg's year-end report (only available in Norwegian).

## Sustainable Water and Wastewater Management

ICMA GBP Category	Sustainable Water and Wastewater Management	
ICMA Environmental Objective	Pollution Prevention and Control	
EU Taxonomy	Environmental Objective: Climate Change Mitigation, Climate Change Adaptation, Water	
SDG	6.1, 6.3, 6.4, 6.5, 12.2, 12.5	 
Criteria	<p><b>Existing water infrastructure</b></p> <ul style="list-style-type: none"> <li>Upgrading and rehabilitating the existing water supply and sewerage infrastructure, to reduce leaks, expand capacity and adapt to climate change.</li> <li>Zero emission construction is required for all new water and sewerage infrastructure development, where applicable.</li> </ul> <p><b>New water supply project*</b></p> <ul style="list-style-type: none"> <li>Climate adaptation measures in relation to water and wastewater infrastructure (see section on “Climate adaptation” in introduction for project description).                     <ul style="list-style-type: none"> <li>Low emission concrete is required for all infrastructure development in the new water supply project, when applicable. The contracting strategy includes using tender award criteria on environmental performance, with emphasis on reducing indirect GHG emissions from the most important construction materials.</li> <li>All contractors must provide GHG account budgets and reports, and contractors performance is monitored. Malus schemes are incorporated in contracts, to provide incentives for contractors to perform in accordance with the tender contract obligation over the contracting period.</li> </ul> </li> </ul>	

\* See the City of Oslo’s webpage for the project for more information (only available in Norwegian).



Photo: Eva F. Niva / The City of Oslo



## Pollution Prevention, Waste Management and Circular Economy

ICMA GBP Category	Pollution Prevention and Control, Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-efficient Products		
ICMA Environmental Objective	Pollution Prevention and Control, Natural Resource Conservation		
EU Taxonomy	Environmental Objective: Pollution Prevention and Control, Transition to a Circular Economy, Climate Change Mitigation		
SDG	8.4, 11.6, 11b, 12.4, 12.5	  	
Criteria	<p><b>Waste management</b></p> <ul style="list-style-type: none"> <li>Waste management, such as the reduction of the amount of waste, collection and sorting for material recycling, waste-to-energy (following a waste hierarchy to prioritize reuse and recycling before energy conversion) and improved infrastructure and recycling facilities (where at least 50%, in terms of weight, of the waste is converted into secondary raw materials).</li> </ul> <p><b>Circular economy</b></p> <ul style="list-style-type: none"> <li>Circular handling of materials, material selection, and reuse, including a digital reuse platform.</li> <li>Instruments to reduce consumption of textiles, disposable plastics, IT, recreational equipment, tools, and furniture.</li> </ul>		

### 3.2 Selection and Evaluation of Eligible Projects

The City of Oslo's investments and financial management is determined by the annual budget which further specifies investments under a four-year economic plan. The budget process ends in the approved annual budget which defines the terms for the Green Investment Committee to review investments and decide whether they are Eligible Projects for green financing or refinancing.

#### The budget process

The City Council decides on the project investments through the City of Oslo's annual budget. The budget for the upcoming year is the first year of a four-year economic plan. The economic plan is revised with next year's budget proposal. This means that it is updated annually and adjusted for changes in framework conditions, new political priorities, and other underlying conditions that have economic consequences for the City in the coming four-year period.

The City Government normally presents the budget proposal to the City Council at the end of September.

The City Government's budget proposal for the City of Oslo is the first step in a budget process that ends with the City Council final budget decision.

After the City Government has presented its budget proposal for the City of Oslo, the Norwegian government presents its proposal for the state budget for the upcoming year. This usually happens in mid-October. The state budget proposal includes the transfers that municipalities will receive.

Usually, the Norwegian government's state budget proposal changes what the City Government had planned in its budget proposal for the City. Therefore, the City Government makes an additional recommendation to the City Council in a supplementary statement, where the budget is adjusted according to how the government's proposal affects the City. The supplementary statement is normally presented at the beginning of November.

The City Council starts the budget process immediately after the City Government has presented the budget proposal, with each City Council committee reviewing the budget proposal for its area of responsibility. Spokespersons for organizations, special interest groups, and other parties with an

interest in a case can request a meeting with the relevant committee to present their views.

The City Council reviews and approves the budget in mid-December. The City Government is authorized to update the budget and economic plan based on the City Council's budget decision. The approved budget and the four-year economic plan specify both the legal yearly loan resolution and the allocation of budget funds for investments per year during the financial plan period.

The following May, the City Government puts forward a proposal for revising the City's current budget to the City Council. This proposal mainly concerns incorporating the consequences of the accounting results from the previous year on the current budget. It will also propose adjustments for other necessary conditions that have occurred since the original budget for the current year was adopted. The City Council reviews the budget revision proposal and approves the final revised annual budget for the current year.

#### **The Green Investment Committee**

The Green Investment Committee selects and evaluates eligible projects based on the City's approved budget from December and the revised budget in May. The Green Investment Committee consists of specialists from the Department of Finance, the Department of Culture and Business Development and the Department of Environmental Affairs which applies a multi-disciplinary approach and jointly select eligible green projects which comply with the categories listed above. The committee meets at least on an annual basis or when needed.

The City of Oslo has adopted specific compliance rules ("Oslo modellen") aimed at combating economic crime, labor market crime, and social dumping. In the City's procedures for planning and executing procurements and contract follow-ups, there are fixed assessment points intended to detect risks and critical issues. This includes peer reviews in all procurements and assessments of impartiality, as well as routines for contract follow-ups during the contract period, in addition to routines and instructions for the individual businesses, agencies, and majority-owned companies.

Oslo's ratified climate strategy, and the strategic plan for circular economy, guides investments carried out in the City. These strategies are operationalized through Oslo's yearly climate budget process, where next steps in climate policy are specified, providing an annual arena for tightening existing climate measures and identifying new measures. The Green Investment

Committee is responsible for:

**Evaluating** the compliance of proposed assets with the eligibility criteria outlined in the Use of Proceeds section above.

**Selecting** projects which underpin the adopted climate strategy and comply with the Eligible Project criteria to be added to the City of Oslo's pool of Green Eligible Assets.

**Ensuring** that the pool of Green Eligible Assets is aligned with the categories and criteria as specified in the Use of Proceeds section.

**Replacing** investments that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.).

Only such assets and projects that comply with the Eligible Project criteria defined in the Use of Proceeds section of this Framework and has been approved and added to the pool of Green Eligible Assets by the Green Investment Committee is eligible to be financed with Green Bonds.

### **3.3 Management of Proceeds**

The City of Oslo maintains a Green Bond Register which tracks the amounts of outstanding Green Bonds, as well as the value of the Eligible Project pool. An amount equal to the net proceeds from issued Green Bonds will be earmarked for financing and refinancing of Eligible Projects as defined in this Green Bond Framework. The City of Oslo will endeavour to ensure that the value of Eligible Projects at all times exceeds the total nominal amount of Green Bonds outstanding.

Net proceeds from Green Bonds awaiting allocation to Eligible Projects will be held in the City's cash pool and loan facility ("Lånefondet") in accordance with City of Oslo's liquidity management policy and will be subject to the exclusions listed in the Use of Proceeds section above.

The financial regulations stipulate that the City of Oslo shall have a centralized financial management. This means that the city treasury manages and administers the capital for all entities within the City, including liquidity for operational purposes and loan capital for financing investments. The City of Oslo raises capital for investment purposes in accordance with the loan

resolution specified in the current year's approved budget, which is then placed as liquidity within the municipal group. The financial regulations govern the framework for managing the loan portfolio and loan financing, as well as the framework for managing liquidity and the composition of liquid assets, surplus liquidity, and contingency liquidity.

The Green Bond Register will form the basis for reporting.

### 3.4 Reporting

To enable investors and other stakeholders to follow the developments of our Eligible Projects funded by Green Bonds, City of Oslo will publish investor letters on an annual basis, at least until full allocation and as long as there are Green Bonds outstanding under this framework. The investor letter will provide information on both the allocation of the projects financed through the issuance and the expected impacts.

The publicly available information will be produced by The Department of Finance in cooperation with The Department of Environmental Affairs and the City of Oslo's Climate- and Energy agency, the City's professional agency for assessing climate- and sustainability effects on the City's operation. The Department of Environmental Affairs, which is the City's competent unit on environmental matters, will

be responsible for the continuous reporting on the climate- and energy strategy to the City Council.

#### 1. Allocation report

- The nominal amount of Green Bonds outstanding
- A list of projects financed, and amounts invested in each of the Eligible Project categories defined in the Green Bond Framework.
- Examples of Eligible Projects funded by Green Bonds.
- The amount of net proceeds awaiting allocation to Eligible Projects (if any).
- Information on possible changes/developments in the EU Taxonomy Regulation and eligible activities that may be of relevance for the green project criteria.

#### 2. Impact report

The impacts for the specific fulfilled projects will be measured in the level of carbon reduction, or another suitable variable for measuring the degree of achievement in relation to the expected climate effects in the investor letter. The City of Oslo will aim to apply the recommendations given in the Nordic Position Paper on Green Bonds Impact Reporting as applicable.

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

Category	Example impact indicators
Green Buildings	<ul style="list-style-type: none"> <li>• Kg CO<sub>2</sub>-eq/sq m from machinery and materials from new buildings produced.</li> <li>• Energy performance of new buildings, in percentage terms (%) below national building standards, TEK17.</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>• Zero emission construction sites.</li> <li>• Non-fossil fuel transportation of masses.</li> <li>• Share of existing water supply and sewerage infrastructure upgraded or rehabilitated, in percentage terms (%).</li> </ul>
Pollution Prevention, Waste Management and Circular Economy	<ul style="list-style-type: none"> <li>• Proportion of waste types sorted and delivered for material recycling, in accordance with the methodology defined by the Norwegian Environment Agency (Sorting and material recycling of household waste - guidelines for municipalities, miljodirektoratet.no). Examples include plastic waste, food waste, cardboard/paper, and plastic/metal packaging.</li> </ul>

### 3.5 External review

#### **Second party opinion**

The City of Oslo has engaged S&P Global Ratings to act as an external verifier of this Green Bond Framework and the Eligible Projects to secure alignment with national and international guidelines. The Second Party Opinion also includes an assessment of the alignment of our Green Project categories with the criteria in the EU Taxonomy.

#### **Publicly Available Documents**

The Green Bond Framework, The Second Party Opinion, The Third Party Review (reporting), and related reporting will be publicly available on [the City of Oslo's website](#).







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[https://www.oslo.kommune.no/politics-and-administration/politics/  
investor-relations/](https://www.oslo.kommune.no/politics-and-administration/politics/investor-relations/)