

# HURTIGRUTEN GROUP GREEN BOND REPORT 2022

Under the Green Bond Framework, Hurtigruten Group issued Green Bonds with a total nominal value of 50 million Euros in February 2022.

An amount equal to the net proceeds of the Green Bonds has financed, in whole or in part, investments undertaken by Hurtigruten Group or its subsidiaries that promote the transition towards a low-carbon and environmentally sustainable society ('Green Projects') under the Green Project Category 'Upgrade of existing sea and coastal vessels'. The Green Project Category is mapped to the SDGs reflected by the IMO, SDG 13 Reduce our emissions, and target a carbon-free future.

### Green Projects financed by Green Bond proceeds

Environmental refurbishment of the coastal vessels MS Richard With, MS Kong Harald, and MS Nordlys. Hurtigruten Norway fleet is undergoing Europe's largest environmental upgrade. This was launched in Q1 2022 and is expected to be finalised in 2024 and cover all seven ships operating under the coastal contract.

Three out of the seven coastal vessels, MS Richard With, MS Kong Harald, and MS Nordlys, will undergo, or have already undergone, a full-fledged transformation to battery-hybrid power, meaning installation of new low-emission engines equipped with SCR and battery packs. The main engines combined with SCR system will achieve an IMO Tier III (the highest level) Engine International Air Pollution Prevention certificate. The ships will also undergo hull optimisations, renewal of exhaust boilers and extended use of frequency converters. Together all measures are estimated to result in approximately 20% fuel reduction from 2018 level (kg/nm and grams in grams of fuel per deadweight).

In addition, a new sewage and greywater treatment system is installed, certified to meet the purified water discharge requirements in accordance with IMO Res. MEPC.227 (64) (except par. 4.2), and MARPOL Annex IV as amended, Reg. 9.1.1. This will give the ships the opportunity to operate with zero emission to sea.

The retrofit activities reduce fuel consumption of the vessel by 20.13% expressed in grams of fuel per deadweight and tons per nautical mile, as demonstrated by CFD and other engineering calculations. The projects also cut CO<sub>2</sub> emissions by 20.13% and NO<sub>x</sub> emissions by 85.1%.\*

### Financing and refinancing

New financing is defined as Green Projects under construction or Green Projects taken into operation less than 12 months prior to the approval by Hurtigruten Group's Green Bond Committee. Refinancing is defined as financing for Green Projects taken into operation more than 12 months prior to the Green Bond Committee's approval. The environmental refurbishment of the three vessels MS Richard With, MS Kong Harald and MS Nordlys were all described in the Green Bond framework under the Green Project Category "Upgrade of existing sea and coastal vessels".

The environmental refurbishment of MS Richard With was completed in 2022 with a total investment cost of EUR 36.2 million Euros, which was financed through the proceeds from the Green Bond. The environmental refurbishment of MS Kong Harald is currently ongoing and as of 31.12.22 Hurtigruten Group had invested a total of EUR 17.5 million of which EUR 12.5 million has been financed by the proceeds from the Green Bond.

The environmental refurbishment of MS Nordlys will start in October 2023 and as of 31.12.22 Hurtigruten Group had invested a total of 3.1 million Euros of which 1.3 million has been financed by the proceeds from the Green Bond.

### Issued Green Bonds – brief facts:

- + Issue date: February 15th 2022
- + Tenor: 3 years
- + Nominal amount: 50 million Euros
- + Maturity date: February 14th 2025
- + Coupon rate: 11%
- + ISIN: NO0012436270

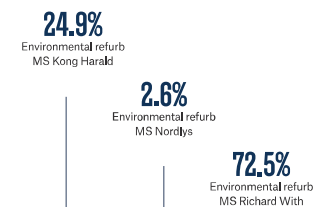


Chart: Allocation of proceeds Green Project Portfolio Distribution based on disbursed amounts

Table: Green Projects Financed under the Green Bond Framework

The total proceeds of 50 million Euros have been allocated by the Green Bond Committee to the eligible projects presented in the table below. The balance on the special bond account as of 31.12.22 was 48,943,656.69 Euros.

ICMA Green Bond Principles Category	EU Taxonomy Reference	Sustainability Performance Goal	Green Project Category	Project	Description	Total Investment EUR as of 31.12.22	Outstanding disbursed green bond amounts allocated to project EUR	Financing/ Refinancing	Total Environmental Sustainability Impact for Investment
Clean Transportation	6.12 – Retrofitting of sea and coastal freight and passenger water transport	13) Reduce our emissions, and target a carbon-free future	Upgrade of existing sea and coastal vessels	Hybridisation of coastal vessel MS Richard With (2022)	A full-fledged transformation to battery-hybrid power, meaning installation of new low-emission engines equipped with SCR and battery packs, reblading propeller and hull optimisation.	36,253,166	36,253,166	Financing	Documented* Reduction in fuel consumption: 20,13% Reduction in CO <sub>2</sub> emissions: 20,13% Reduction in NO <sub>x</sub> emissions: 85,1%
				Hybridisation of coastal vessel MS Kong Harald (2023)	A full-fledged transformation to battery-hybrid power, meaning installation of new low-emission engines equipped with SCR and battery packs, reblading propeller and hull optimisation.	17,524,275	12,461,074	Financing	Expected based on Richard With Reduction in fuel consumption: 20,13% Expected reduction in CO <sub>2</sub> emissions: 20,13% Expected reduction in NO <sub>x</sub> emissions: 85,1%
				Hybridisation of coastal vessel MS Norlys (2023)	A full-fledged transformation to battery-hybrid power, meaning installation of new low-emission engines equipped with SCR and battery packs, reblading propeller and hull optimisation.	3,149,740	1,285,760	Financing	Expected based on Richard With Reduction in fuel consumption: 20,13% Expected reduction in CO <sub>2</sub> emissions: 20,13% Expected reduction in NO <sub>x</sub> emissions: 85,1%
						<b>56,927,181</b>	<b>50,000,000</b>		* The reduction is calculated against a 2018 pre-pandemic baseline for fuel consumption per vessel.

Position Green®

April 2023

# Verification

POST-ISSUANCE



Use of Proceeds  
Hurtigruten Group AS

## Position Green®

### Verification of Use of Proceeds

Hurtigruten Group AS, has commissioned Position Green Advisory AS ("PGA") to undertake an independent review of the Company's reported use of proceeds. The verification has been performed in line with ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews.

#### Basis for the review

Scope of verification	Hurtigruten's reported use of proceeds as at 31.12.2022
Framework/Methodology	Green Bond Principles (GBP)

#### Criteria

PGA has assessed the reported use of proceeds and whether an amount equal to the Green Bond net proceeds has been allocated to Green Projects, as specified in Hurtigruten's Green Bond Framework (GBF)<sup>1</sup>.

#### Procedures

The following activities have been performed

- Review of projects listed in Hurtigruten's Green Bond Report against DNV's Eligibility Assessment for Hurtigruten's Green Bond Framework<sup>2</sup>
- Review of reported allocations in Hurtigruten's Green Bond Report 2022 against cost specifications for projects
- Review of a sample of invoices against cost specifications for eligible projects

#### Summary

Based on the procedures we have performed, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the net proceeds of EUR 50 million has not been allocated to Green Projects, as specified in Hurtigruten's Green Bond Framework and DNV's Eligibility Assessment.

<sup>1</sup> Hurtigruten Group AS Green Bond Framework: <https://mb.cision.com/Public/19513/2603266/621601ec5d091475.pdf>  
<sup>2</sup> DNV's Eligibility Assessment: <https://mb.cision.com/Public/19513/3603266/692651ce74c0617.pdf>

## Disclaimer

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**Review Provider:**

Position Green Advisory AS

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## About Position Green Advisory

Position Green Advisory (PGA) is the advisory branch of the Position Green Group, a Nordic leader in sustainability software and advisory. PGA provides expertise on environmental, social and governance (ESG) risk and compliance. The firm applies leading global ESG standards when conducting Company assessments, benchmarking, and gap analysis.

PGA has worked with over 150 public and private entities across all industries, most notably the maritime sector, oil and gas, renewables, defence, real estate, technology, and financial services. PGA also serves as a trusted advisor to public institutions such as the United Nations, the World Bank, and governmental agencies, as well as various NGOs and foundations.

PGA is a member of the Marine Transportation Advisory Group of the Sustainability Accounting Standards Board (SASB)/Value Reporting Foundation, an accredited CDP provider and a Certified Training Partner of the GRI. PGA is a signatory to the principles of the International Capital Market Association (ICMA). PGA applies the International Standard on Quality Control 1 (ISQC) framework required for e.g. ISAE 3000 assignments.



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