



**HURTIGRUTEN
GROUP**

Green Bond Framework

October 2021

Contents

<u>About us</u>	<u>2</u>
<u>ESG at Hurtigruten Group</u>	<u>4</u>
<u>Hurtigruten Group Green Bonds</u>	<u>9</u>
<u>Use of proceeds</u>	<u>10</u>
<u>Green project category</u>	<u>12</u>
<u>Green project evaluation and selection process</u>	<u>13</u>
<u>Management of proceeds</u>	<u>13</u>
<u>Reporting and transparency</u>	<u>14</u>
<u>External review</u>	<u>15</u>

About us

Hurtigruten Group AS ("HRG"), owned by Silk Topco Group, is leading the way in expedition travel. HRG has more than 125 years of experience in operating vessels in polar waters, having provided services along the Norwegian coast since 1893. We offer a unique gateway to experiences in the Arctic, Antarctica, along the Norwegian coast and to over 250 unique destinations in more than 40 countries for travelers from all over the world. HRG's business segments can be divided into the following three product areas:

- **Hurtigruten Norway** represents our longest-running business area with a fleet of 7 vessels, providing a year-round scheduled service for coastal communities between Bergen and Kirkenes. The scheduled service is part of a contract with the Norwegian Ministry of Transportation that will run until 2030.
- **Hurtigruten Expedition** is our largest business area and includes HRG's expedition cruise operations outside of the Norwegian coastal route. Voyages include visits to the Antarctic and Arctic, Iceland, Greenland, South America and a variety of other destinations.
- **Hurtigruten Svalbard** product area comprises year-round hotel and restaurant activities, as well as Arctic adventure tourism in Svalbard.



Maritime operations in transition¹

Globally

The international shipping sector is about to undergo the greatest change in its recent history. For the first time, the world's countries have reached agreement on drastic cuts in greenhouse gas emissions from shipping.

In April 2018, the International Maritime Organization (IMO) adopted a strategy for reducing greenhouse gas emissions from international shipping, which sets the level of ambition of reducing emissions by at least 50 per cent by 2050 compared with the level in 2008. The overall vision is to phase out greenhouse gas emissions from the industry as soon as possible in this century.

In addition, the IMO strategy includes ambitions to improve the energy efficiency of each vessel and to reduce the carbon intensity of the whole sector by reducing emissions per unit of transport work done by at least 40 per cent by 2030 and further towards 70 per cent by 2050. This is aligned with the goal to limit the global temperature increase in this century to 2 degrees Celsius above preindustrial levels, as adopted in the Paris Agreement.

As also agreed in the Paris Agreement, the world set itself out to pursue the means to limit the increase to 1.5 degrees. To achieve this, emissions would be cut by 100 per cent by 2050.

Although zero-emission shipping is neither technical nor commercially feasible at this point, more and more stakeholders in international shipping, with HRG leading the charge in the cruise and passenger segment, are pushing the industry and their partners to invest in solutions that would one day allow zero emission global shipping.

Norway

Norway's target is to be a low-emission society by 2050. This target has been made legally binding in the Climate Change Act, which specifies that the target means reductions of greenhouse gas emissions of the order of 80–95 per cent compared to 1990.

Norway's nationally determined contribution (NDC) under the Paris Agreement is to reduce emissions by at least 40 per cent by 2030 compared with the 1990 level. Emissions from domestic shipping and fishing vessels are included in Norway's commitments under the Paris Agreement, the ambition is to reduce emissions from domestic shipping and fishing vessels by half by 2030 and promote the development of zero- and low-emission solutions for all vessel categories. Domestic shipping is defined as shipping between two Norwegian ports, including Svalbard and installations on the Norwegian continental shelf.

Norway is a world leader in the green transition for all shipping segments, but the pace of change must be increased substantially to achieve their ambitions. A precondition to achieve the drastic emission reduction target is that ports provide the access to charge and/or fuel vessels in a sustainable way. The Norwegian Government, in cooperation with municipalities and port authorities, is aiming for Norwegian ports, wherever feasible, to be emission free by 2030.

¹The Government's action plan for green shipping (regjeringen.no), IMO

ESG at Hurtigruten Group

Our Environmental, Social and Governance (“ESG”) ambition is to be the most sustainable travel operator in the world, pushing the industry’s boundaries for ESG. We won’t just stop at a license to operate, we will do our outmost to push beyond local regulations and look to best-in-class ESG solutions globally.

With the UN Sustainable Development Goals (SDGs) as a framework – and a mission focused on innovation, technology and concrete measures – sustainability is an integral part of HRG’s operations and supply chain. Our ESG strategy will ensure that our vessels can operate in a responsible and environmental manner, improving the value and experience for our guests while minimizing our footprint

We require our suppliers to align with key SDG’s and to operate according to our code of conduct and strict environmental policy. All our major suppliers with a valid frame agreement or a major project contract are required to agree to these terms.

“To us, it is important that we minimize our environmental footprint as we want to build the greenest fleet of vessels in the industry”

Climate & environment

We are operating in an industry that has a negative impact on the environment, mainly by contributing to greenhouse gas emissions and overcrowding.

HRG’s ultimate goal is to be carbon neutral by 2040 and to operate our vessels completely emission-free by 2050, in line with the Paris agreement 1.5 target.

We are closely monitoring the development of the Science Based Target Initiative’s (“SBTi”) transport shipping sector standard, and are dedicated to working with SBTi as soon they are available and commit ourselves to taking ambitious climate action. As of the publication of this framework our targets are even more ambitious than those suggested under the SBTi.

While we get one step closer day-by-day, we cannot sit idle and wait for the technology to be in place. We are working closely with industry partners and regulators to drive change and move boundaries while we at the same time utilize the best solutions available already today. We are also in active discussions with stakeholders about potential pilot solutions, to test the next-generation of green propulsion technology. To us, it is important that we minimize our environmental footprint as we want to build the greenest fleet of vessels in the industry.

Already in 2019, Hurtigruten Expeditions lead the way by introducing MS Roald Amundsen, the world’s first hybrid-powered expedition cruise vessel. A sister ship, MS Fridtjof Nansen, was launched in 2020. The two vessels already emit about 50 per cent less carbon dioxide (CO₂) than the average existing expedition cruise vessel.

In 2021, Hurtigruten Expeditions upgraded the MS Finnmarken to a battery-hybrid powered expedition cruise vessel, the MS Otto Sverdrup, with large battery packs and advanced green technology, making it the third vessel in the series of battery-hybrid-powered cruise vessels.

By 2023, the aim is that all seven coastal vessels operated by Hurtigruten Norway will be upgraded using a combination of technologies and solutions specially adapted for each individual ship. Across the seven vessels, the upgrades will reduce CO₂ emissions by some 25 per cent, and cut NO_x emissions by a massive 80 per cent. All vessels will also meet the requirements to operate in the UNESCO World heritage fjords along the Norwegian coast.

All coastal vessels have already been fitted with shore power connectivity – to fully eliminate emissions when connected in port. The use of shore power will annually reduce approximately 150 tonnes of CO₂ emissions and 2.5 tonnes of NO_x emissions per vessel. All the engines, main engines as well as support engines, will also be equipped with Selective Catalytic Reduction (SCR) which cuts the NO_x emissions by 80 per cent.

Three out of the seven coastal vessels - MS Richard With, MS Nordlys, and MS Kong Harald - will undergo a full fledged transformation to battery-hybrid power, meaning installation of new low-emission engines equipped with SCR and large battery packs. The hybrid-electric technology compensates for spinning reserve and aid in peak shaving, allowing the engines to function at optimal levels. The battery-packs are charged through the shore power connectivity and allows the vessels to run some 30 to 45 minutes – conservatively calculated – on pure battery power. The battery-packs cut fuel usage and thereby CO₂ emissions with some 20 to 25 per cent.

Climate & environment (continuation)

HRG has a history of pushing for greener ways to operate; more than a decade ago, HRG banned the use of Heavy Fuel Oil ("HFO") and work with non-governmental organizations ("NGO") to promote a broader international HFO ban for all vessels sailing in the Arctic. HFO has severe negative environmental impacts, however, it still makes up about 75 per cent of the marine fuel currently consumed in the Arctic today. Since banning HFO, HRG has shifted its focus towards synthetic fuels, and will gradually increase the use of certified biofuels across the fleet.

There are still limitations when it comes to providing the coastal vessels with biofuel in domestic Norwegian ports, and for the expedition cruise vessels a lot has to be done to make biofuel available at international ports. But as a first step and as part of our commitment to green technology innovation, we are converting our entire existing coastal fleet to run on a combination of large battery packs and biofuel. When reaching the full potential and utilization of biofuel it is estimated that we can lower the added CO₂ emissions with up to 80 per cent.

HRG has signed contracts with suppliers securing 15 000 tonnes of biofuel annually, making fuelling possible across North West Europe, and we will look to further expand our global supply in the future. The biofuel is environmentally certified by the International Sustainability & Carbon Certification (ISCC) and is mainly produced from organic waste. We require from our suppliers that the biofuel should not be made in competition with food production, no use of palm oil and provide no deforestation or contribute to the loss of biological diversity.

Beyond biofuels, HRG looks to other synthetic fuels such as hydrogen and ammonia as more scalable zero-emission solutions that could have a broader global impact. Experts estimate that zero-emission systems such as hydrogen and ammonia are still 10-20 years away from being commercially and technically viable for passenger vessels. To meet our ambitious emission reduction plans, HRG will work with technical and regulatory partners to create pilot solutions that can potentially accelerate the timeline for such fuel systems. We believe that the Norwegian coast is the perfect place to pilot such technologies, and are currently in discussions with different government bodies on infrastructure needs to support such an ambition.

All our vessels sail under Norwegian flag, and are compliant with EU maritime directives and regulatory framework. An external verifier reviews all our vessels annually to ensure compliance with the EU directives, and to evaluate the compliance with the EU Taxonomy Do No Significant Harm ("DNSH") section.



For hard-to-decarbonize industries such as shipping, reaching global carbon neutrality by 2050 will hinge on synthetic fuels (ammonia/hydrogen) and biofuels²

Hydrogen

- Hydrogen is a tested and proven fuel, requiring purpose-made engines and significant infrastructure build-out.
- More than 99 per cent of hydrogen today is 'brown', i.e. high on emissions, often produced using energy from coal.
 - Brown hydrogen: significant emissions in the production process.
 - Blue hydrogen: same as brown hydrogen, but with CO₂ capture
 - Green hydrogen: zero-carbon, using renewable energy and water electrolysis to split water into hydrogen and oxygen.
- The lack of dedicated infrastructure (storage, conversion, and transport) is a major bottleneck for massive hydrogen adoption.
 - Transport and storage of hydrogen comes with a few costly and energy intense circumstances as it is explosive and the requirement at transport is a temperature of negative 253°C.
- Although the cost of green hydrogen is significant, the vast access to hydropower positions Norway to have a commercially viable infrastructure and supply chain within a few years.

Ammonia

- Ammonia is also a tested and proven fuel, but still it requires purpose-made engines and significant infrastructure build-out.
- Ammonia has a very high concentration of hydrogen, but with some key advantages.
 - Although it needs to be treated with caution, ammonia is typically not as explosive as hydrogen.
 - Ammonia is ~50 per cent more efficient in terms of energy output per ton of fuel.
 - Ammonia can be transported at negative 33°C, which is far easier and cheaper than the negative 253°C required to transport hydrogen.
- Ammonia can be produced from electricity. As Norwegian electricity is more than 99 per cent renewable, domestic production will be green and almost CO₂ emission free.
- Norway has a long history of ammonia production, and already has large-scale production in place. Currently some operators are converting ammonia plants to run on hydropower produced electricity.

Biofuels

- Biomass technologies have limited potential, but can be scaled using the existing infrastructure of traditional fuels and with no major modifications to combustion engines.
- Biofuels are typically 2 to 5 times as expensive as regular fuels, making broader adoption dependent on carbon emissions regulations and pricing.
- The use of biofuel in shipping has seen a 12 percent annual growth, however from relatively low levels. To reach total decarbonisation of global shipping by biofuels alone, it would require a majority of global sustainable biomass available, and can therefore at best be a partial solution.
- Biofuels are perfect as an intermediate solution as no retrofitting of existing combustion engines is needed, and because they could be used in existing fuelling infrastructure. Beginning as a supplementary fuel source, and as the demand for conventional fuel decreases in line with technical inventions and improvements, biofuel could alone carry the need for remaining combustion engine vessels.
 - The maritime industry's roadmap Charting a Course for Green Coastal Shipping sets out a zero-emission vision for Norwegian shipping by 2050 involving substantial emission cuts achieved through greater use of biodiesel and biogas. The Government is supporting the expansion of biogas production and research and development.

“Beginning as a supplementary fuel source, and as the demand for conventional fuel decreases in line with technical inventions and improvements, biofuel could alone carry the need for remaining combustion engine vessels.”

Waste reduction & management

Our climate and environmental policy also prioritizes waste management and reducing discharges of pollutants into water. We are constantly improving how we reduce, recycle, and handle our waste. HRG was the first major travel company and cruise line to remove single-use plastic from all our vessels, restaurants and hotels. This amounts to 32 metric tonnes of single-use plastic, every year.

We maintain stringent policies regarding discharges into the sea, including restrictions on food waste, grey water, bilge water and black water in vulnerable areas. Together with our partners, we work to install better recycling facilities on-board and to ensure adequate infrastructure at key expedition ports to collect and recycle waste from our operations.

When serving over 4 million meals each year, even a tiny reduction in food waste can make a huge difference. That is why we have pledged to reduce food waste by 30 per cent by 2022. To achieve the goal, we have implemented a digital registration and real-time measurement of all stages of our food production to increase our awareness and minimize food waste. Early results show more than a 30 per cent expected reduction in food waste. In 2019, we partnered with EAT, a science-based global platform promoting transformation towards a fair and sustainable global food system for healthy people and planet.

The goal is to improve HRG's sustainability efforts along the entire food value chain, and broadening the on-board food offering to our guests.

We will be offering our guests an increased number of healthier options, opportunity to choose more plant-based cuisine, and increase our efforts to reduce food waste.

HRG advocates protection and sustainable use of oceans. We have banned all red-listed seafood and require third party certification of all fish purchased (MSC, ASC, or equivalent). We are also a proud partner of the Norwegian Institute for Water Research, and have an ongoing collaboration with the Norwegian Institute for Marine Research. Ever since 1932, HRG has measured temperature, salt and algae levels in the sea, measurements that are accessible through open source and used by scientists to monitor natural variations and the human impact on our oceans.



Local impact of our business

Operating in some of the world's most vulnerable areas comes with a great responsibility. Fighting the exploitation and degradation of sites, nature, and local communities by mass tourism is one of HRG's most important goals. We support stricter regulations, such as size limitations on cruise vessels, and restrictions on the number of guests allowed on shore. Our aim is to develop, encourage and maintain sustainable year-round activity, instead of flooding the valuable sites during peak season and leaving them quiet for the rest of the year. This is key to developing sustainable destinations, thriving communities and unique experiences.

Hurtigruten Norway's coastal sailings has a unique position as the historical 'life nerve' of the Norwegian coast, and the most important provider of local transportation of both goods and passengers. Hurtigruten Norway has provided a non-stop service through both world wars, and even sailed during Covid-19, in close coordination and alignment with local regulators and stakeholders, to ensure that remote communities in Northern Norway could receive and export goods throughout the pandemic.

The Bergen-Kirkenes round trip is close to 5000 kilometres, serving 34 ports along the coast, only three of which has a railway connection. Hurtigruten Norway is the only way for smaller businesses along the coast to export goods to southern Norway and continental Europe, and with a minimal environmental footprint.

Our coastal business also creates direct value, as HRG buys goods and services for more than NOK 2 billion every year from local vendors along the coast.

Hurtigruten Coastal Kitchen is our food concept, based on locally produced goods, from more than 40 smaller producers along the coast of Norway.



These are some of the reasons why travelling with Hurtigruten Norway is such a unique experience; international travellers get to experience day to day life in local communities in Norway, and how every port call is used to board everything from local commuters to fresh fish and construction materials. This gives a two-pronged approach to sustainability; Hurtigruten Norway helps keep local coastal communities alive, while allowing travellers to experience the coast on a vessel that already serves a purpose, instead of using cruise vessels.

Furthermore, HRG respects and supports indigenous communities and values culture and traditions. We work in close cooperation with the local communities where we operate, including trading locally and sourcing goods and services from local suppliers where possible. We are one of the largest purchasers of locally sourced food in the Norwegian travel industry. This way, we contribute to the livelihoods and welfare of small coastal societies. We have also established the Hurtigruten Foundation to support local environmental and cultural initiatives in the areas that we operate. This is to ensure that the guests of tomorrow can enjoy the same unique experiences as today.

Diversity and inclusion

At Hurtigruten Group, we are aiming to strengthen our inclusive culture. We are embarking on a new Diversity & Inclusion initiative, fully involving our colleagues and linking it to our work on Hurtigruten Group's Employer Value Proposition. A part of this Diversity & Inclusion initiative involves HRG linking management compensation to certain ESG-linked KPIs, including diversity and female leadership.

HRG also takes pride in being a supportive and attractive employer. We are aligned with UN Sustainable Development Goals in offering a safe workplace with decent wages and benefits with equal opportunities. We also work closely with labour unions to ensure an attractive and supportive workplace.

“Our aim is to develop, encourage and maintain sustainable year-round activity”



Hurtigruten Group Green Bonds

We are entering a new era of coastal-, expedition- and adventure travel driven by sustainability. By setting up this document ("Green Bond Framework" or "Framework"), HRG aims to mobilize debt capital to promote the transition towards a low-carbon and environmentally sustainable society.

This Framework, aligned with the Green Bond Principles ("GBP") published in July 2021 by the International Capital Market Association ("ICMA"), defines the investments eligible for financing by green bonds issued by HRG or its subsidiaries ("Green Bonds").

Even if this framework is structured to align with the principles of the GBP, HRG has, in order to reflect emerging regulations, in particular in regards of the EU Sustainable Finance Action Plan and the EU Taxonomy, defined the green project category, describing the Technical Screening Criteria and the Do No Significant Harm criteria as outlined by the EU Taxonomy regulation Delegated act annex 1 (June 2021).

The Framework outlines the process used to identify, select and report on eligible projects and the set-up for managing the Green Bond proceeds.

The terms and conditions of the underlying documentation for each Green Bond shall provide a reference to this Framework.

HRG has worked with Danske Bank to develop the Framework and DNV has provided a second party opinion confirming the GBP alignment of the framework and the green bond category alignment with the EU Taxonomy regulation Delegated act annex 1 (June 2021). DNV's scope is restricted to the pre-issuance second party opinion. The Framework and second opinion are publicly available at our website. HRG will assign an independent external party to annually review the management of proceeds.

October 2021

Chief Executive Officer

Chief Financial Officer

VP Strategy & ESG

Use of proceeds

Allocation of net proceeds

An amount equal to the net proceeds of the Green Bonds will finance or refinance, in whole or in part, investments undertaken by HRG or its subsidiaries that promote the transition towards a low-carbon and environmentally sustainable society ("Green Projects"), in each case as determined by HRG in accordance with the Green Project categories defined on the following pages. Green Projects will form a portfolio of assets eligible for financing and refinancing by Green Bonds.

HRG will use a look-back period of 36 months, meaning that all Green Projects financed with Green Bonds are completed within 36 months prior to the date of issuance.

Financing and refinancing

Net proceeds can finance both existing and new Green Projects financed by HRG or its subsidiaries. New Green Projects are defined as projects taken into operation less than 12 months prior to the approval by HRG'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 distribution between new financing and refinancing will be reported on in HRG's annual Green Bond reporting.

Exclusions

Green Bond net proceeds, including temporary holdings, will not be allocated to projects for which the purpose of the project is fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

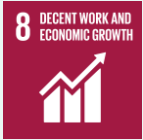
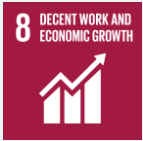
Sustainable Development Goals

Although our business and operations respect, promote and support all of the UN SDG's, we have dedicated focus on SDG 5, 8, 9, 12, 13, 14 and 15, where we believe we can have the most positive impact, for society as a whole and for our business, both now and in the future. They represent the values that sit at the core of our business and are embedded in our governance systems.



In this Framework, the Green Project category has been mapped to the SDGs reflected by the IMO, SDG 13 and 14³

Selection of Hurtigruten Group SDG initiatives and focus areas

 13 CLIMATE ACTION	Reduce our emissions, and target a carbon-free future	 8 DECENT WORK AND ECONOMIC GROWTH	Guest satisfaction	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Anti-corruption training and guidelines
 13 CLIMATE ACTION	Potential emission offsetting schemes	 17 PARTNERSHIPS FOR THE GOALS	Use of certified vendors and suppliers	 10 REDUCED INEQUALITIES	Executive compensation
 14 LIFE BELOW WATER	Avoid unintended spills in protected waters	 3 GOOD HEALTH AND WELL-BEING	Promoting a healthy work-life balance for our workforce	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Independence of our Board of Directors
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Reduce the amount of waste produced	 8 DECENT WORK AND ECONOMIC GROWTH	Avoiding Marine casualties	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Shareholder structure and democracy
 7 AFFORDABLE AND CLEAN ENERGY	Use of renewable energy for sourcing our electricity	 5 GENDER EQUALITY	Equal pay and opportunities	 17 PARTNERSHIPS FOR THE GOALS	Per cent of Level2 and Level 3 compensation linked to ESG KPIs
 15 LIFE ON LAND	Protecting local nature, including wildlife and sensitive eco-systems	 11 SUSTAINABLE CITIES AND COMMUNITIES	Supporting local communities where we sail	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Cybersecurity guidelines and policies
		 3 GOOD HEALTH AND WELL-BEING	Family friendly policies (e.g. avg. time taken for maternity/paternity leave)	 5 GENDER EQUALITY	Management gender diversity

Green project category

Our goal at HRG is to operate all our vessels and all our cruises completely emission-free. As technology and infrastructure to utilize the technology develops, we cannot sit idle and wait. We are working closely with our partners to drive change and move boundaries while we at the same time utilize the best solutions currently available.

Clean transportation

The financing and/or refinancing of energy efficient retrofitting of vessels and related research and development (R&D). The Green Project category "Upgrade of existing sea and coastal vessels" is intended to reflect the technical screening criteria 6.12 in the EU Taxonomy regulation Delegated act annex 1 (June 2021). A computational fluid dynamics ("CFD") technical study is performed by an independent party and an independent verifier will annually review our vessels financed with Green Bonds to, inter alia, ensure compliance with the EU directives and the DNSH.

Upgrade of existing sea and coastal vessels

Until 31 December 2025, the retrofitting activity reduces fuel consumption of the vessel by at least 10 per cent expressed in grams of fuel per deadweight tons per nautical mile, as demonstrated by CFD, tank tests or similar engineering calculations.

Hybridisation is needed to be considered as a Green Project.

The at least 10 per cent reduction baseline is defined as the actual measured fuel consumption 2018.

R&D for new low carbon vessels

Costs for R&D related to development of vessels of the future, such as those partly powered by on-ship produced renewable energy, like solar or wind.



TAKE URGENT
ACTION TO
COMBAT
CLIMATE
CHANGE AND
ITS IMPACTS



CONSERVE AND
SUSTAINABLY USE
THE OCEANS, SEAS
AND MARINE
RESOURCES FOR
SUSTAINABLE
DEVELOPMENT

Three out of the seven coastal vessels, MS Richard With, MS Nordlys, and MS Kong Harald, as well as the upgrade of MS Finnmarken into MS Otto Sverdrup will undergo, or has already undergone, a full-fledged transformation to battery-hybrid power, meaning installation of new low-emission engines equipped with SCR and large battery packs, where the main engines will achieve an IMO Tier III (the highest level) Engine International Air Pollution Prevention certificate. To this, 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.

Various other investments are also being made (can differ between the coastal vessels and MS Otto Sverdrup), such as; resistance reducing modifications to the hull including new bulb and modified centre skeg and new shaft generators, new gearboxes and new propeller blades to provide higher efficiency and less noise due to lower propeller speeds and variable engine speeds.

All our vessels sail under Norwegian flag, meaning compliance with EU maritime directives and regulatory framework, ensuring e.g. the future dismantling in line with EU Ship Recycling regulations.

Green project evaluation and selection process

Allocation of Green Bond proceeds

HRG's overall management of environmental, social, corporate governance and financial risks is a core component of our decision-making processes. Our risk management strategies are stated in our policies, guidelines and instructions. The process for evaluation and selection of Green Projects will follow the same standard decision-making process.

Green Project evaluation and selection process

Green Projects shall comply with the eligibility criteria defined under the Green Project Categories. The process to evaluate, select and allocate Green Bond proceeds to eligible Green Projects comprise the following steps:

- i. Sustainability experts and representatives within HRG evaluate potential Green Projects, their compliance with the Green Project Category, and their environmental benefits.
- ii. A list of the potential Green Projects are presented to HRG's Green Bond Committee ("GBC"). The GBC is solely responsible for the decision to acknowledge the project as green, in line with the Green Project Criteria. A decision to allocate net proceeds will require a consensus decision by the GBC. The decision is documented and filed.

Green Bond Committee (GBC)

The GBC is chaired by the Chief Financial Officer and includes the following members:

- CFO of Hurtigruten Group
- VP of Group Strategy & ESG, Hurtigruten Group
- CFO Hurtigruten Expedition
- COO Hurtigruten Expedition
- VP Marine Operations, Hurtigruten Norway

For the avoidance of doubt, the GBC holds the right to exclude any Green Project already funded by Green Bond net proceeds. If a Green Project is sold, or for other reasons loses its eligibility, funds will then follow the procedure under Management of Proceeds until reallocated to other eligible Green Projects.



Management of proceeds

Tracking of Green Bond net proceeds

An amount equal to the Green Bond net proceeds will be credited to a "Special Account". The Special Account ensures that Green Bond net proceeds only support Green Projects or repayment Green Bonds.

As long as the Green Bonds are outstanding and the Special Account has a positive balance, funds will be deducted when relevant, or at least annually, from the Special Account in an amount equal to all disbursements made during each year in pursuit of eligible Green Projects. All transfers from the Special Account will be documented to ensure a full audit trail and to simplify the Green Bond reporting.

The management of proceeds will be reviewed by an independent external party appointed by HRG.

Temporary holdings

Positive balances of the Special Account may temporarily be placed in the liquidity reserve and managed accordingly. The maximum period that net proceeds may be unallocated is 24 months.

Exclusions

Temporary holdings will not be placed in entities with a business plan focused on fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Reporting and transparency

HRG will annually and until maturity of the Green Bonds issued, provide investors with a report (Green Bond Report) describing the allocation of proceeds and the environmental impact of the Green Projects. The report will be made available on our website together with this Green Bond Framework.

Allocation reporting

Allocation reporting will include the following information:

- i. A summary of Green Bond developments
- ii. The outstanding amount of Green Bonds issued
- iii. The balance of the Special Account (including any temporary investments and Green Bond repayments)
- iv. The total proportion of Green Bond net proceeds used to finance new Green Projects and the proportion of Green Bond net proceeds used to refinance Green Projects
- v. The total aggregated proportion of Green Bond net proceeds used per Green Projects Category

Impact reporting

The impact reporting aims to disclose the environmental impact of the Green Projects financed under this Framework, based on HRG's financing share of each project.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis.

The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.



Clean transportation

Upgrade of existing vessels

- Type of installation/improvement
- Annual GHG emissions reduced/avoided (tonnes of CO₂ emissions)

R&D for new low carbon vessels

- Type of R&D and as applicable potential future benefits



External Review

Second party opinion

DNV has provided a second opinion to this Framework verifying its credibility, impact and alignment with the ICMA Green Bond Principles 2021.

External assurance

An independent external party appointed by HRG will on an annual basis provide a review, confirming that an amount equal to the Green Bond net proceeds has been allocated to Green Projects.

Publicly available documents

The Green Bond Framework, the second party opinion, the independent party review and the annual Green Bond Report will all be publicly available on HRG's website

