°CICERO Shades of Green

Helgeland Kraft AS
Green Bond Second Opinion

June 18, 2022

Helgeland Kraft AS (Helgeland Kraft) is a Norwegian company with headquarters in Mosjøen that produces renewable energy and develops power grids for the whole of Helgeland in Northern Norway. They sell electricity to households and businesses throughout the country. Helgeland Kraft is owned by 14 municipalities in Helgeland and has 264 employees.

Proceeds under the framework can be allocated to financing and refinancing of three project categories: 1) hydropower generation facilities, 2) distribution of electricity, and 3) clean transportation infrastructure (i.e. charging stations). Helgeland Kraft expects that, approximately, 70% of the proceeds will be applied towards the distribution of electricity, 25% on hydropower facilities, and 5% on clean transportation infrastructure. Green bonds can also finance investments in share capital of companies. Any acquisitions will be in pure play companies within the core areas of the existing business and not in companies with fossil fuel activities or exposure, however it is not a given that these companies consider climate and environmental risks in the same manner as Helgeland Kraft. Significant investments outside of Helgeland or Norway are not planned, though investments in Sweden may be considered in the future. The exact share applied towards financing of new projects and for refinancing existing assets is not yet decided.

CICERO Green assesses that the activities under the framework likely align with relevant EU Taxonomy substantial contribution to climate change mitigation criteria. We note that Helgeland Kraft estimates that their hydropower facilities are below the required lifecycle emission thresholds. The lack of granular climate change scenario analysis makes Helgeland Kraft likely partially aligned with the Do No Significant Harm criteria for climate change adaptation. Moreover, to fully align with the DNSH criteria for transition to a circular economy, Helgeland Kraft could be more systematic about the recyclability and reuse of materials. Helgeland Kraft likely fulfils the EU Taxonomy's minimum social safeguards.

Helgeland Kraft has no quantitative targets for, or reporting on, own energy use or greenhouse gas emissions. However, Helgeland Kraft states that they have commenced implementation of the reporting standard Global Reporting Initiative (GRI) for the external reporting related to sustainability and corporate social responsibility, which will include reporting on energy use and greenhouse gas emissions for all three scopes. Helgeland Kraft has a good selection process and planned reporting associated with the framework is also good.

Based on the overall assessment of the eligibility criteria in this framework, governance and transparency considerations, this framework receives an overall **CICERO Dark Green** shading and a governance score of **Good**. Helgeland Kraft could improve its framework by more systematically considering lifecycle emissions in supplier selection and, on a company level, introducing emissions targets.

SHADES OF GREEN

Based on our review, we rate the Helgeland Kraft's green bond framework **CICERO Dark Green.**

Included in the overall shading is an assessment of the governance structure of the green bond framework. CICERO Shades of Green finds the governance procedures in Helgeland Kraft's framework to be **Good.**

GREEN BOND PRINCIPLES

Based on this review, this framework is found to be aligned with the principles.

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1 Terms and methodology

This note provides CICERO Shades of Green's (CICERO Green) second opinion of the client's framework dated April 2022. This second opinion remains relevant to all green bonds and/or loans issued under this framework for the duration of three years from publication of this second opinion, as long as the framework remains unchanged. Any amendments or updates to the framework require a revised second opinion. CICERO Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

The second opinion is based on a review of the framework and documentation of the client's policies and processes, as well as information gathered during meetings, teleconferences and email correspondence.

Expressing concerns with 'Shades of Green'

CICERO Green second opinions are graded dark green, medium green or light green, reflecting a broad, qualitative review of the climate and environmental risks and ambitions. The shading methodology aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts. Investments in all shades of green projects are necessary in order to successfully implement the ambition of the Paris agreement. The shades are intended to communicate the following:

Shading	Examples
Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low-carbon and climate resilient future.	Solar power plants
Medium Green is allocated to projects and solutions that represent significant steps towards the long-term vision but are not quite there yet.	Energy efficient buildings
Light Green is allocated to transition activities that do not lock in emissions. These projects reduce emissions or have other environmental benefits in the near term rather than representing low carbon and climate resilient long-term solutions.	Hybrid road vehicles

Sound governance and transparency processes facilitate delivery of the client's climate and environmental ambitions laid out in the framework. Hence, key governance aspects that can influence the implementation of the green bond are carefully considered and reflected in the overall shading. CICERO Green considers four factors in its review of the client's governance processes: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

2 Brief description of Helgeland Kraft's green bond framework and related policies

Helgeland Kraft AS (Helgeland Kraft) is a Norwegian company with headquarters in Mosjøen that produces renewable energy and develops power grids for the whole of Helgeland in Northern Norway. They sell electricity to households and businesses throughout the country. Helgeland Kraft is owned by 14 municipalities in Helgeland and has 264 employees.

The three business areas – grid, hydropower and electricity sales – have been transformed into wholly owned subsidiaries of Helgeland Kraft. The grid company (Linea AS) manages lines of 8,000 kilometres serving 46,000 customers. A total of 6.5 TWh of power is distributed in the network. The hydropower company (Helgeland Kraft Vannkraft AS) is responsible for the development and operation of power production in 18 power plants in Helgeland with a total capacity of 294 MW. Total energy production in 2021 was 1.1 TWh. Helgeland Kraft Strøm AS is Helgeland's largest electricity company and has over 90% of the household customers located in Helgeland. In addition, Helgeland Kraft Strøm has 35% turnover outside Helgeland.

Environmental Strategies and Policies

Helgeland Kraft has no quantitative targets for, or reporting on, own energy use or greenhouse gas emissions. However, Helgeland Kraft states that they have commenced implementation of the reporting standard Global Reporting Initiative (GRI) for the external reporting related to sustainability and corporate social responsibility, which will include reporting on energy use and greenhouse gas emissions for all three scopes.

Helgeland Kraft is not conducting life cycle emission analysis for their projects or facilities, including for electricity distribution. For hydropower, they rest on studies done by others for hydropower projects in Norway which indicates a large headroom to e.g., EU Taxonomy thresholds[1].

As part of the license from The Norwegian Water Resources and Energy Directorate (NVE) Helgeland Kraft is required to take significant biodiversity measures, for example to maintain water to flow in rivers that are part of hydropower production to ensure fish and river habitats survive. Helgeland Kraft Vannkraft makes thorough assessment of biodiversity issues as part of the environmental impact assessment done in connection with obtaining the construction and operating license for hydropower facilities. The distribution arm Linea is required to assess biodiversity risk and measures as part of concession/license (e.g., seasonal reindeer migration).

According to the issuer, there is little local opposition to their projects. Helgeland Kraft engages in active dialogue with local communities in connection with the construction of new hydro power plants through arranging open community hall meetings. Linea has not had any large new projects for many years, so no conflicts have been experienced.

When it comes to climate change resilience, NVE and the regulations on safety at watercourse facilities (Damforskriften) and transmission lines set strict requirements on this issue and as a consequence, Helgeland Kraft says it is systematically assessing this risk. Further, Helgeland Kraft has received instructions by NVE to make improvements in this regard in order to retain the operating license.

[1] E.g., AR-01.19-The-inventory-and-life-cycle-data-for-Norwegian-hydroelectricity.pdf (norsus.no)

Helgeland Kraft has prepared a "Policy for sustainability and social responsibility" as a governing document for the entire group. The policy describes how Helgeland Kraft should contribute to ensure sustainable societies and create economic value in a sustainable way. It further requires Helgeland Kraft to take social responsibility, and that sustainability must be integrated, in all core business processes.

All in all, the policy is general and states among other things that Helgeland Kraft's operations shall have the least possible negative impact on the external environment. Potential negative impact from operations is mainly related to the waterflow in the rivers connected to the hydropower facilities. Helgeland Kraft ensures that a minimum amount of water is flowing to protect the life in the river. All activities will be based on the UN's precautionary principle for environmental protection, and they will also work to reduce environmental and climate consequences in the production processes and set requirements for, and follow up on, partners' environmental and climate emissions[2]. Furthermore, they will reduce and recycle waste as much as possible, in order to contribute to reduce climate emissions. Helgeland Kraft will also contribute to strengthening society's knowledge of the impact of climate change on the environment by participating in research and information work, industry collaboration or other preventive measures, depending on the opportunities available. There is a plan to transform Helgeland Kraft's own transport fleet to zero emission vehicles.

Helgeland Kraft publishes an annual report on its website that includes rudimentary sustainability reporting.

Use of proceeds

An amount equal to the net proceeds from green bonds issued under the framework will be used to finance a portfolio of assets and projects, in whole or in part, that contribute towards increased electrification and climate change mitigation.

According to the issuer, the vast majority of Helgeland Kraft's investments are located in the Helgeland area. While it is not likely that significant investments will be done outside of Helgeland and Norway, the framework is not limited to investments made in Norway and investments in Sweden may at some point in time be considered, although not currently planned.

Only such assets and projects that comply with the list of green projects (table 1 below) are deemed eligible to be financed by green bonds. Categories covered are Renewable energy, Distribution of electricity/Energy efficiency and Clean transportation. Helgeland Kraft's assessment is that around 70% will be applied towards the green project category Distribution of electricity, about 25% on hydropower facilities and approximately 5% on Clean transportation infrastructure. Net proceeds from green bonds can be used for the financing of new assets and projects as well as for refinancing purposes. The exact share applied towards financing of new projects and for refinancing existing assets is not yet decided and will depend on a variety of factors. New assets and projects are defined as ongoing green projects and those taken into operation after the issuance of a green bond.

Green bonds issued under the framework will finance and refinance both capital expenditures (CAPEX) and operating expenditures (OPEX). However, Helgeland Kraft does not envisage to finance OPEX since the share is small relative to CAPEX, but OPEX is included for flexibility reasons. For operating expenditures, a maximum look-back period of three years will be applied.

[2] The requirement says: «The supplier must, as a minimum, have a developed and incorporated environmental management system adapted to his business ... The supplier shall take social responsibility by respecting internationally recognized human rights, including the Universal Declaration of Human Rights, the UN Convention on Economic, Social and Cultural Rights, the UN Convention on Civil and Political Rights, the ILO's core conventions and the right of employees to organize in trade unions. »

Green bonds can also finance and refinance acquisitions of green projects as well as investments in share capital of companies with such assets and where the use of proceeds should be directly linked to the book value of the eligible assets owned by the acquired company, adjusted for the share of equity acquired. If Helgeland Kraft makes an acquisition, it will be pure play companies within the core areas of the existing business and not in companies with fossil fuel activities or exposure.

Proceeds from green bonds will not be used to finance investments linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction, gambling or tobacco.

Selection

The selection process is a key governance factor to consider in CICERO Green's assessment. CICERO Green typically looks at how climate and environmental considerations are considered when evaluating whether projects can qualify for green finance funding. The broader the project categories, the more importance CICERO Green places on the governance process.

To ensure the transparency and accountability around the selection of green projects, Helgeland Kraft has established a Green Bond Committee. The committee consists of members of the executive management team, the treasury team, and the sustainability team, and is responsible for the evaluation and selection process.

Only such assets and projects that comply with the green project criteria can be approved by the Green Bond Committee and become eligible to be financed with green bonds. Further, every investment must meet a set of criteria set out in Helgeland Kraft's Investment Policy. This policy states that:

- Each investment shall be assessed against internal return requirements and key financial criteria;
- Each project shall be reviewed with regards to local opposition in the local community;
- Each project's impact on biodiversity shall be considered;
- An investment shall contribute towards production and distribution of renewable power;
- To the extent possible, a project shall contribute to develop new sustainable businesses; and
- Projects invested in shall contribute to the use of renewable power.

All decisions related to the inclusion of assets and projects as green projects will be made in consensus. The Green Bond Committee also holds the right to exclude any green project already funded by green bonds. To ensure traceability, all decisions made by the Green Bond Committee will be documented and filed. The committee will be responsible for ensuring that Helgeland Kraft keeps a register of all green projects. In addition, the Green Bond Committee is responsible for oversight and potential future updates of the green bond framework, but any such updates will have no implication or impact on the green bonds already issued hereunder.

Management of proceeds

CICERO Green finds the management of proceeds of Helgeland Kraft to be in accordance with the Green Bond Principles.

The Green Bond Committee will endeavour to ensure that the value of green projects always exceeds the total nominal amount of green bond outstanding. Helgeland Kraft will keep a register of the assets/projects which proceeds are being allocated to[3], hence the proceeds not immediately allocated for refinancing purposes will be

[3] Proceeds will to a large extent be allocated to individual disbursements/projects, but Helgeland Kraft will apply a portfolio approach when making several smaller investments in homogenous green project such as charging stations for electric vehicles.

strictly and systematically monitored/tracked. Net proceeds from green bonds awaiting allocation to green projects will be held as cash and short-term money market instruments. To the extent possible, given that part of the unallocated proceeds may go into money market funds, the exclusions listed in the Use of Proceeds section also apply for such temporary holdings of net proceeds.

If a green project already funded by green bonds is sold, or for other reasons loses its eligibility in line with the criteria in the framework, it will be replaced by another qualifying green project as soon as practically possible.

Reporting

Transparency, reporting, and verification of impacts are key to enable investors to follow the implementation of green finance programs. Procedures for reporting and disclosure of green finance investments are also vital to build confidence that green finance is contributing towards a sustainable and climate-friendly future, both among investors and in society.

To enable investors and other stakeholders to follow the developments of green projects funded by green bonds, a green bond report will be made available on Helgeland Kraft's website. The Green Bond Committee is responsible for reporting and a first report will be done at the latest 12 months after a green bond is issued but will possibly be done in connection with the annual report. The green bond report will include an allocation report and an impact report and will be published annually if there are green bonds outstanding or until full allocation. The reporting will cover the aggregate portfolio of green bonds outstanding (i.e., the reporting will not be linked to individual bonds), however such that maximum 12 months reporting requirement is met.

The allocation report will report the allocation per project and the green bond share if additional funds are used to fund an individual project (or a portfolio of smaller, homogeneous projects), and will include the following information:

- The nominal amount of green bonds outstanding.
- Green projects that have been funded by green bonds.
- Amounts invested in each of the green project categories and the share of new financing versus refinancing.
- Share of CAPEX vs. OPEX.
- The amount of net proceeds awaiting allocation to green projects (if any).
- Information on the possible changes/developments in the EU Taxonomy criteria that may be of relevance for the green project criteria.

The impact report aims to disclose the environmental impact of the green projects financed under the framework, and will, on a best effort basis, align with the portfolio approach described in ICMA's "Handbook – Harmonized Framework for Impact Reporting" (April 2020)[4] where impact will be aggregated for each project category, and depending on data availability, calculations made on a best-efforts basis with transparency on the assumptions being applied. For projects under construction, calculations may be based on preliminary estimates. The impact assessment maybe based on the following metrics:

- Renewable energy production: Energy generation capacity (MW); Actual annual energy generation (GWh); Annual reduction and/or avoidance of GHG emissions (kg CO_2e)[5]
- Distribution of electricity: Delivered energy to end-users (TWh/year); Number of customers (at year end); Increase/improvement in distribution capacity

[4] https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf

[5] Helgeland Kraft will apply the recommended grid factor in the Nordic Position Paper on Green Bonds Impact Reporting.

- Clean transportation: Number of charging stations; Annual reduction and/or avoidance of GHG emissions (kg CO_2e)

Helgeland Kraft will apply the recommended grid factor in the Nordic Position Paper on Green Bonds Impact Reporting[6].

An independent auditor appointed by Helgeland Kraft will provide a limited assurance report confirming that an amount equal to the net proceeds from issued green bonds has been allocated to green projects as defined in the green bond framework. Impact reporting will not be verified.

[6] https://www.kuntarahoitus.fi/app/uploads/sites/2/2020/02/NPSI_Position_paper_2020_final.pdf

3 Assessment of Helgeland Kraft's green bond framework and policies

The framework and procedures for Helgeland Kraft's green bond investments are assessed and their strengths and weaknesses are discussed in this section. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised in this section to note areas where Helgeland Kraft should be aware of potential macro-level impacts of investment projects.

Overall shading

Based on the project category shadings detailed below, and consideration of environmental ambitions and governance structure reflected in Helgeland Kraft's green bond framework, we rate the framework **CICERO Dark Green.**

Eligible projects under the Helgeland Kraft's green bond framework

At the basic level, the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental benefits. Through selection of project categories with clear environmental benefits, green bonds aim to provide investors with certainty that their investments deliver environmental returns as well as financial returns. The Green Bonds Principles (GBP) state that the "overall environmental profile" of a project should be assessed and that the selection process should be "well defined".

Category	Eligible project types	Green Shading and some concerns
Renewable energy	Development, construction, installation, operation, improvement, repair and maintenance of facilities, as well as the related infrastructure, connected to the generation of electricity from hydro power projects subject to (i) a power density above 5W/m^2 or (ii) life-cycle emissions below 100g CO_2e/kWh, or (iii) run-of-river plants without artificial reservoirs.	**Dark Green** ✓ Hydropower is a clean, renewable energy source, which contributes to Norway's low grid emissions factor. ✓ Large hydropower facilities and associated construction/renovation projects can have impacts on the surrounding environment and biodiversity. The issuer confirms that they do not have activities in conservation or biodiversity sensitive areas like national parks, wet land, or nature reserve. ✓ "Related infrastructure" will cover e.g., access roads. The issues states that there will be no fossil fuel infrastructure investments. ✓ The issuer informs us that the investments will be related to upgrade and maintenance of existing hydropower plants. Helgeland Kraft has no plans for constructing new power plants.

		✓ The criteria mirror the climate mitigation criteria in the EU Taxonomy. However, Helgeland Kraft do not carry out life cycle analyses themselves, but based on reports from independent sources, they are confident that they operate far below the taxonomy threshold of 100g CO_2e/kWh.
Distribution of electricity / Energy efficiency 	Construction, installation, improvement, operation, repair, and maintenance of power grids for distribution of electricity (over and underground), smart grid solutions and smart meters, as well as other monitoring systems aimed at enabling reduction of energy consumption.	**Dark Green** ✓ A well-functioning power grid is a pre-requisite for electrification. ✓ The issuer states that radial lines where end-user applies electricity in fossil fuel activities will not be eligible. Currently, Helgeland Kraft has no direct (radial) lines to any customers, hence no high carbon emitting customers. ✓ No lines to energy production with emissions larger than 100gCO_2/kWh (lifecycle perspective) are envisaged and no fossil fuel machinery connected to this green project category will be eligible. ✓ New power grids may create local opposition due to impacts on landscape. Some distribution lines are quite close to the border of national parks. ✓ Helgeland Kraft conducts environmental impacts assessment in accordance with regulations. ✓ Helgeland Kraft follows REN's[7] recommended standards for grids installed in Norway when it comes to exceptional weather conditions.
Clean transportation 	Infrastructure for zero-emission transport, such as charging infrastructure for electric vehicles.	**Dark Green** ✓ Charging infrastructure is crucial for the adoption of electric vehicles, and therefore contributes to the transition to a low carbon transition. The benefits of electric vehicles depend on the electricity mix used in charging: charging infrastructure needs to be developed in parallel to greening the grid.

[7] REN (Rasjonell Effektiv Nettutvikling) develops, in collaboration with Norwegian grid companies, guidelines and tools in order to maintain best practice within projecting, installing, operations and maintenance of the power grid. This also includes projecting to face climate risks.

	✓ Charging stations for electrical vehicles can also be used by hybrid vehicles, thus may involve some fossil fuel activities.

Table 1. Eligible project categories

Background

In February 2020, Norway released updated targets for 2030 to cut emissions by 50-55% from 1990 levels[8] and in 2021 adopted a climate plan outlining the policies to be implemented to reach the target. Greenhouse gas emissions have slightly decreased in Norway since 2015, but 2020 emissions were less than 4% lower than 1990 levels. Fast action is needed to reach the new 2030 goal.

As one of the world's largest energy exporters, Norway has a total installed production capacity of 37,680 MW and a total normal annual production of 153 TWh. Around 96% of Norway's energy production comes from hydropower and currently has more than 800 reservoirs, with a storage capacity equivalent to around 87 TWh.

As renewable energy production increases, the benefits of electrification of fossil fuel and energy intensive industries becomes more apparent.[9] Well-functioning and efficient transmission and distribution systems are a prerequisite for electrification. At the same time, such systems also contribute to energy efficiency improvements, which the IEA estimates are required at a rate of 3.2% per year through 2020 to reach achieve it Sustainable Development Scenario. Smart grids and network upgrades are, for example, necessary to manage and increase the share of intermittent and decentralized renewable energy.

In regions where the electricity grid is highly based on low carbon sources such as in the Nordic countries and/or have in place ambitious policies to make the grid greener (such as in the EU), electric cars clearly represent environmental benefits compared to fossil fuel cars in the longer term. The charging infrastructure for electric cars needs to be developed in parallel to greening the grid.

EU Taxonomy

The EU Taxonomy, which entered into force in 2021, seeks to set out common classification systems to determine the environmental sustainability of activities. The EU-taxonomy regulation[10] defines six environmental objectives. To be considered environmentally sustainable, an activity must substantially contribute to one or more of the six objectives, not significantly harm any of the other six objectives (Do-No-Significant-Harm - DNSH) and comply with the technical screening criteria (TSC). In June 2021, EU published its delegated acts outlining the TSC for climate adaptation and mitigation objectives.[11] The DNSH-criteria are developed to make sure that progress against some objectives is not made at the expense of others and recognizes the relationships between different environmental objectives.

CICERO Green has assessed eligible projects in Helgeland Kraft's green bond framework against the mitigation thresholds and the DNSH criteria for relevant activities in the delegated act adopted in June 2021 (Annex 1). To

[8] https://www.regjeringen.no/no/aktuelt/norge-forsterker-klimamalet-for-2030-til-minst-50-prosent-og-opp-mot-55-prosent/id2689679/
[9] https://www.iea.org/reports/net-zero-by-2050
[10] EU-Taxonomy regulation (2020/852), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN
[11] taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf (europa.eu)

qualify as a sustainable activity under the EU regulation certain minimum safeguards must also be complied with.[12] We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risks.

Relevant EU-Taxonomy activities are:

- Electricity generation from hydropower
- Transmission and distribution of electricity
- Infrastructure for enabling low-carbon road transport and public transport

Comments on alignment as well as thresholds and NACE-codes are given in Appendix 2.

CICERO Green assesses that all the project categories are likely aligned with the substantial contribution to climate change mitigation criteria in the EU Taxonomy. Other than the gaps listed below, Helgeland Kraft also appears likely aligned with the DNSH-criteria.

Main gaps

Climate change adaptation

Helgeland Kraft informed us that it is aware of climate risks, and that it is aligned with the local, regional and national regulations regarding climate risks. However, the EU Taxonomy requires that all activities need to be scrutinized, and it is unclear whether assessments of climate risk and adaptation needs, followed by adaptation measures where relevant, are consistently implemented for the project categories included in the green bond framework. To be fully aligned with the DNSH-requirement related to climate change adaptation, Helgeland Kraft needs to demonstrate that climate risk assessments, and implementation of adaptation solutions where needed, are carried out systematically for the project categories included in the framework. CICERO Green also encourages the issuer to include climate risk assessments in the requirements for suppliers and sub-contractors, as well as for subsidiaries.

Circular economy

The issuer confirmed that waste management is handled in accordance with national laws and regulations, and local policies, as stipulated in contracts with subcontractors. However, the issuer does not have a specific waste management policy at the company level to ensure maximal reuse and recycling. Furthermore, to be fully aligned with the circular economy related DNSH requirement for some of its activities (i.e., Infrastructure enabling low-carbon road transport and public transport), Helgeland Kraft needs to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste generated on the construction site is prepared for reuse, recycling and other material recovery, which is not clear at this stage. We note however that the charging stations are preassembled and with a relatively small footprint. Thus, waste problems should be of a small-scale nature. CICERO Green still encourages the issuer to apply specific measures at the company level to mitigate and control waste during construction phase.

Alignment with minimum social safeguards

To qualify as a sustainable activity under the EU regulation certain minimum social safeguards must be complied with. Based on information provided by the issuer, CICERO Green has assessed the Helgeland Kraft's social safeguards with a focus on human and labour rights.

Helgeland Kraft's risk assessment disclosed that car transportation represents the highest risk for personnel. Helgeland Kraft states that they undertake to take social action responsibility and respect internationally recognized human rights, including the Universal Declaration of Human Rights, UN Convention on Economic,

[12] The safeguards entail alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the International Labour Organisation's ('ILO') declaration on Fundamental Rights and Principles at Work, the eight ILO core conventions and the International Bill of Human Rights.

Social and cultural rights, and the UN Convention on civil and political rights. They also state that they recognize the ILO's core conventions and recognize the staff's the right to organize in trade unions. The working environment must be characterized by diversity, respect and consideration. Discrimination or harassment should not occur. Helgeland Kraft has a fulltime person responsible for managing social risks.

Helgeland Kraft shall make the same requirements for their suppliers and other partners. Suppliers must sign self-declaration and comply with requirements for social responsibility, e.g., related to health and safety, minimum wage, working hours, right to organize, child labour, acceptable living conditions, discrimination, corporal punishment or forced labour. In respect of risks in its construction supply chain, Helgeland Kraft informed us it undertakes on site audits and other screening of contractors.

Governance Assessment

Four aspects are studied when assessing the Helgeland Kraft's governance procedures: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify eligible projects under the framework; 3) the management of proceeds; and 4) the reporting on the projects to investors. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

Helgeland Kraft has no quantitative targets for, or reporting on, own energy use or greenhouse gas emissions. However, external reporting is in line with current regulations and work on adapting the external reporting related to sustainability and social responsibility to the reporting standard "The Global Reporting Initiative (GRI) Standards" has begun. The guidelines of TCFD on climate risk reporting are not followed.

The selection process is sound, and every investment must also meet a set of criteria set out in Helgeland Kraft's Investment Policy, which includes consideration of biodiversity impacts and local opposition.

Helgeland Kraft has selected suitable impact metrics, though note that there is no independent verification of the impact reporting and they will apply the recommended grid factor in the Nordic Position Paper on Green Bonds Impact Reporting - this grid factor (315 gCO_2e/kWh) is far higher than a realistic local grid factor.

The overall assessment of Helgeland Kraft's governance structure and processes gives it a rating of **Good.**

Strengths

The eligibility criteria of the framework are shaded Dark Green as they reflect solutions that are needed in a low-carbon society of tomorrow.

Weaknesses

We find no material weaknesses in Helgeland Kraft's Green bond framework.

Pitfalls

Helgeland Kraft will apply the recommended grid factor in the Nordic Position Paper on Green Bonds Impact Reporting. This grid factor (315 gCO_2e/kWh) is far higher than a realistic local grid factor.

Helgeland Kraft could more systematically consider lifecycle emissions in project selection. For example, it does not require lifecycle analyses from suppliers, and it is not clear to what extent the limited environmental data is requires from suppliers plays into supplier selection.

Local environmental factors, such as interference with the landscape and hence biodiversity, are often cited by critics of infrastructure projects. This may affect transmission lines, though as part of Helgeland Kraft's Investment Policy, each project shall be reviewed with regards to local opposition in the local community.

Proceeds can be used by Helgeland Kraft and its subsidiaries, as well as companies in which it owns a minority share. Although Helgeland Kraft only invests in pure play companies that contribute to the transition, it is not a given that these companies consider certain climate risks to the extent Helgeland Kraft does, for example in respect of local opposition or biodiversity. It is Helgeland Kraft's responsibility to ensure it uses it leverage as investor and board positions to minimize or eliminate any such discrepancies. This pitfall is somewhat mitigated by the information by the issuer that only controlling stakes are of interest for investments in other companies, and that they informed us that environmental and climate considerations are taken into account during due diligence (though the extent this plays into investment decisions is not known).

The framework is not limited to investments made in Norway and investments in Sweden may at some point in time be considered although not currently planned. Though Sweden will likely have similar regulations to Norway, the adequacy of merely aligning with the law should be considered on a case-by-case basis (e.g. in respect of physical risk).

There may be a very small probability that unallocated proceeds going into money market fund may be invested in activities not aligned with a low carbon future fossil related activities. Helgeland Kraft has moreover informed us there is no time limit for proceeds to remain unallocated.

Appendix 1: Referenced Documents List

Document Number	Document Name	Description
1	Helgeland Kraft Green Bond Framework - draft 5	Helgeland Kraft's Green financing framework dated April 2022
2	Helgeland Kraft - arsrapport 2020	Helgeland Kraft's Annual report 2020
3	Helgeland Kraft - arsrapport 2021	Helgeland Kraft's Annual report 2021
4	Helgeland Kraft as - innkjopsvilkar for kjop av varer 2021	Code of conduct for procurement of goods
5	Helgeland Kraft as - innkjopsvilkar for kjop av tjenester-2021	Code of conduct for procurement of services
6	Sak 52 - Vedlegg Helgeland Kraft og bærekraft	Helgeland Kraft's Sustainability policy
7	Konsernpolicy Anskaffelser_revnov	Helgeland Kraft's Procurement policy
8	Rammeavtale avfalsshåndtering for Helgeland Kraft AS	Helgeland Kraft's Framework agreement for handling of waste.

Appendix 2: EU Taxonomy criteria and alignment

Complete details of the EU taxonomy criteria are given in taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf (europa.eu)

Electricity generation from hydropower

Framework activity	**Renewable energy**		
Taxonomy activity	**Electricity generation from hydropower (NACE Code D35.11 and F42.22)**		
Taxonomy version	**EU Technical mitigation criteria**	**Comments on alignment**	**CICERO Green's comments on alignment**
Mitigation threshold	The activity complies with either of the following criteria: a) the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; b) the power density of the electricity generation facility is above 5W/m^2; c) the life cycle GHG emissions from the generation of electricity from hydropower, are lower than 100gCO_2e/kWh.[13]	**Relevant contextual information** Helgeland Kraft is not conducting life cycle emission analysis for their facilities, but rest on studies done by others which indicates a large headroom to e.g., EU Taxonomy thresholds. A study performed in 2019 by the Norwegian Institute for Sustainability Research (NORSUS) on Norwegian hydropower, indicates average life-cycle emissions of around 3.3 gCO_2e/kWh. In addition, the study notes that hydropower plants in Norway tend to be located at high altitudes where there is little vegetation as well as colder climate, which leads to limited extra methane emissions from algae growth with could develop in the water storage basin where the climate is warmer.[14]	Likely aligned. Note, however, the NORUS study referenced does not use the same methodology as the Taxonomy. We believe, however, that it is likely that actual emissions are significantly below the Taxonomy threshold.
	EU Taxonomy DNSH-criteria	**Comments on alignment**	**Alignment**
Climate change adaptation	The physical climate risks that are material to the activity have been identified (chronic and acute, related to temperature, wind, water, and soil) by performing a robust climate risk and vulnerability assessment with the following steps:[15]	**Relevant contextual information** The construction and operation of hydropower facilities (including related water storage in dams) are strictly regulated through NVE. **Information provided by the issuer**	Likely partially aligned. It is unclear whether the assessment is performed using the highest available resolution, state-of-the-art climate

[13] The life cycle GHG emissions are calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018162, ISO 14064-1:2018163 or the G-res tool. Quantified life cycle GHG emissions are verified by an independent third party.
[14] AR-01.19-The-inventory-and-life-cycle-data-for-Norwegian-hydroelectricity.pdf (norsus.no)
[15] The Taxonomy is referring to Appendix A in the Taxonomy Annex 1.

	a) screening of the activity to identify which physical climate risks from the list in Section II of the Appendix may affect the performance of the economic activity during its expected lifetime; b) where the activity is assessed to be exposed to physical climate risks, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity; c) an assessment of adaptation solutions that can reduce the identified physical climate risk. The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that: (a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale; (b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments. The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications, and open source or paying models. For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the most important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly. For new activities and existing activities using newly built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations.	Physical risks and physical resilience analysis for the sites at which the hydropower production facilities and dams are located, is being conducted in connection with the site selection and construction phase of the facilities, as well as on a regular basis during operation, using appropriate risk assessment tools and scenarios. To the extent being perceived necessary during construction or later during operation, climate change adaptation measures are being implemented. Risk assessments are carried out regularly. Helgeland Kraft has taken measures in accordance with Norwegian regulations for dam security ("Damsikkerhetsforskriften"). All requirements to date are completed, and new requirements will be handled as they are issued by the regulator.	projections across the existing range of future scenarios consistent with the expected lifetime of the activity.

	The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions or rely on blue or green infrastructure to the extent possible.		
Sustainable use and protection of water and marine resources	1. The activity complies with the provisions of Directive 2000/60/EC[16], in particular with all the requirements laid down in Article 4 of the directive. 2. For operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential, the activity complies with the following criteria: 2.1. In accordance with Directive 2000/60/EC and in particular Articles 4 and 11 of that Directive, all technically feasible and ecologically relevant mitigation measures have been implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water. 2.2. Measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies: (a) measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes, measures to stop or minimise operation and discharges during migration or spawning); (b) measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow; (c) measures to protect or enhance habitats. 2.3. The effectiveness of those measures is monitored in the context of the authorisation or permit setting out the conditions aimed at achieving good status or potential of the affected water body. 3. For construction of new hydropower plants, the activity complies with the following criteria: 3.1. In accordance with Article 4 of Directive 2000/60/EC and in particular paragraph 7 of that Article, prior to construction, an impact assessment of the project is carried out to assess all its potential impacts on the status of water bodies within the same river	**Relevant contextual information** The construction of energy production facilities larger than 1 MW needs a license from the Norwegian Water Resources and Energy Directorate (NVE) according to the "Energy Act" and the "Water Resources Act". Conditions and rules of operation will be stated in the license. Mitigation of negative environmental impacts as well as impacts on biodiversity, surrounding areas, and cultural heritages are important elements in attaining necessary licenses from NVE. Companies need to complete an EIA and to demonstrate alignment with the EU Water Framework Directive (WFD). For newer installations, minimum requirements include minimum water flow, functional fish migration pathways as well as safeguards for biodiversity and local ecosystems. River basin management (RBM) is conducted on a regional level, and hydropower plants need to be incorporated in the existing river basin management plans. This is regulated in the Water Directive, which is implemented in Norwegian law. Old hydropower plants do not have licenses but must comply with and are subject to the same requirements and the same audit regime as plants with a license. Smaller energy projects with lesser environmental impacts may be handled through simplified handling procedures. NVE is carrying out audits to monitor performance. To receive a license for a new hydropower plant, the	Likely aligned.

[16] The Water Framework Directive, EUR-Lex - 32000L0060 - EN - EUR-Lex (europa.eu)

	basin and on protected habitats and species directly dependent on water, considering in particular migration corridors, free-flowing rivers or ecosystems close to undisturbed conditions. The assessment is based on recent, comprehensive and accurate data, including monitoring data on biological quality elements that are specifically sensitive to hydromorphological alterations, and on the expected status of the water body as a result of the new activities, as compared to its current one. It assesses in particular the cumulated impacts of this new project with other existing or planned infrastructure in the river basin. 3.2. On the basis of that impact assessment, it has been established that the plant is conceived, by design and location and by mitigation measures, so that it complies with one of the following requirements: (a) the plant does not entail any deterioration nor compromises the achievement of good status or potential of the specific water body it relates to; (b) where the plant risks to deteriorate or compromise the achievement of good status/potential of the specific water body it relates to, such deterioration is not significant, and is justified by a detailed cost-benefit assessment demonstrating both of the following: (i) the reasons of overriding public interest or the fact that benefits expected from the planned hydropower plant outweigh the costs from deteriorating the status of water that are accruing to the environment and to society; (ii) the fact that the overriding public interest or the benefits expected from the plant cannot, for reasons of technical feasibility or disproportionate cost, be achieved by alternative means that would lead to a better environmental outcome (such as refurbishing of existing hydropower plants or use of technologies not disrupting river continuity). 3.3. All technically feasible and ecologically relevant mitigation measures are implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water. Mitigation measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies:	Water Resource Act (§25) needs to be fulfilled, requiring that the overall consequences locally, regionally and nationally are investigated. This will be a part of the application to receive a and focus on e.g., the environment, nature and biodiversity. A license will only be issued if the advantages of the development are outweighing the disadvantages. Consequences must be adapted to the expected lifespan of the development. **<u>Information provided by the issuer</u>** • For all new hydropower projects, Helgeland Kraft carries out EIAs as part of the planning process to ensure minimal negative impact throughout the asset life cycle. • Its hydropower plants are subject to inspection by qualified employees to ensure good environmental conditions and to assess the need for new mitigation measures. • NVE is carrying out audits to monitor performance. Cumulative impact assessments are a topic in the licensing process if the regulatory authority (NVE) finds it relevant. • The issuer adheres to the EU Water Framework Directive and national laws. • Helgeland Kraft's hydropower facilities do not have issues with sediment flows. River Basin Management (RBM) is conducted on a regional level, and hydropower plants need to be incorporated in the existing river basin management plans. This is regulated in "Vanndirektivet" • Habitat protection is a part of the requirements given to hydropower stations. Helgeland confirms that measures have been implemented to reduce the negative effect on water and protected habitats, for example habitat improvement measures for trout and salmon, improved fish passage measures and voluntary increased release of water in regulated rivers. The operation of all hydropower plants complies with the authorization or permit issued by the competent authority.	

	(a) measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, state-of the-art fully functional fish passes, measures to stop or minimise operation and discharges during migration or spawning); (b) measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow; (c) measures to protect or enhance habitats. The effectiveness of those measures is monitored in the context of the authorisation or permit setting out the conditions aimed at achieving good status or potential of the affected water body. 3.4. The plant does not permanently compromise the achievement of good status/potential in any of the water bodies in the same river basin district. 3.5. In addition to the mitigation measures referred to above, and where relevant, compensatory measures are implemented to ensure that the project does not increase the fragmentation of water bodies in the same river basin district. This is achieved by restoring continuity within the same river basin district to an extent that compensates the disruption of continuity, which the planned hydropower plant may cause. Compensation starts prior to the execution of the project.	• Helgeland Kraft confirms that there is no fragmentation of water bodies in the same river basin district.	
Protection and restoration of biodiversity and ecosystems	• An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU,[17] or in accordance with national provisions. • Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. • For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.	**Relevant contextual information** The construction of energy production facilities larger than 1 MW needs a license from the Norwegian Water Resources and Energy Directorate (NVE) according to the "Energy Act" and the "Water Resources Act". To receive a license the company needs to complete an EIA, including implementation of mitigative measures. This is also required by the "Planning and Construction Act". **Information provided by the issuer** As part of the licensing application Helgeland Kraft, perform environmental impact assessments (EIA) in the planning process for all hydropower projects and	Likely aligned.

[17] The EU-Directive on the assessment of the effects of certain public and private projects on the environment (the EIA-directive). EUR-Lex - 32011L0092 - EN - EUR-Lex (europa.eu)

		implement plans to ensure minimal negative impact throughout the asset's life cycle. During operation, Helgeland Kraft is performing a range of necessary mitigating measures to safeguard the environmental values in the surrounding watercourse. These measures include, but are not limited to, implementation of physical environmental measures in rivers and reservoirs such as habitat improvement measures for trout and salmon, improved methods for fish passage past hydropower plants and voluntary increased release of water (m^2/s) in regulated rivers. All facilities are also regularly subject to environmental supervision by qualified employees to ensure good environmental conditions and to assess the need for implementing new mitigating measures. Helgeland Kraft adhere to the EU Water Framework Directive and they follow national laws and regulations. Environmental impact as well as impact on biodiversity and surrounding areas, are important requirements for attaining necessary licenses, as detailed by the Norwegian Water Resource and Energy Directorate (Norwegian: Norges vassdrags- og energidirektorat - NVE). Helgeland Kraft confirms that they do not have activities in conservation areas or areas with sensitive biodiversity, but have in some areas transmission lines close up to such borders.	

Transmission and distribution of electricity

Framework activity	Energy efficiency		
Taxonomy activity	**Transmission and distribution of electricity (NACE Code D.35.12, D.35.13)**		
Taxonomy version	**EU Technical mitigation criteria**	**Comments on alignment**	**CICERO Green's comments on alignment**
Mitigation criteria	• Substantial contribution to climate change mitigation. The activity complies with one of the following criteria: 1. The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria: (a) the system is the interconnected European system, i.e., the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems; (b) more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO_2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; (c) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO_2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period. Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO_2e/kWh measured on a life cycle basis is not compliant. Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 is not compliant.	**Relevant contextual information** Transmission lines need a license from the Norwegian Water Resources and Energy Directorate (NVE) according to the Energy Act. Norwegian transmission and distribution infrastructure is interconnected with the European system. The generation of electricity in Norway is mainly from renewable sources where hydropower currently accounts for almost all of this production (90%). The Norwegian grid factor represents 8 gCO_2/kWh[18]. **Information provided by the issuer** • Helgeland Kraft/Linea's distribution lines are considered to be aligned with the criteria and thresholds in 1a)-c) when measuring the lifecycle emissions, based on the long lifetime of the masts and the amount of power transmitted in the grid. The power production has been significantly higher than local consumption, hence excess low-emission hydropower has been exported (thus very little higher-emission power has been imported from continental Europe). • In the period 2016-2020 Helgeland Kraft/Linea replaced about 46,000 meters to Advanced Measurement and Control Systems (AMS). The AMS project is the largest modernisation of the power grid in recent times and is in accordance with letter f). Information regarding what happens the power grid closest to the customers means that the	Likely aligned.

[18] Hvor kommer strømmen fra? - NVE

	2. The activity is one of the following: (a) construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100 gCO_2e/kWh measured on a life cycle basis to a substation or network; (b) construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport Section of this Annex; (c) installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 548/2014178 and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AAA0 level requirements on no-load losses set out in standard EN 50588-1. (d) construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation; (e) installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including: (i) sensors and measurement tools (including meteorological sensors for forecasting renewable production). (ii) communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed). (f) installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council, which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs; (g) construction/installation of equipment to allow for exchange of specifically renewable electricity between users; (h) construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant. For the purposes of this Section, the following specifications apply:	grid companies can operate the grid more efficiently. The new meters bring benefits to customers such as hourly registration of power consumption, automatic reading of meters, correct billing and easier change of power supplier. The new meters bring benefits to Linea such as fewer faults and power outages in the transmission network, faster location and correction of faults, fewer ground faults/increased personal safety, and fewer voltage deviations.	

	(a) the rolling five-year period used in determining compliance with the thresholds is based on five consecutive historical years, including the year for which the most recent data are available; (b) a 'system' means the power control area of the transmission or distribution network where the infrastructure or equipment is installed; (c) transmission systems may include generation capacity connected to subordinated distribution systems; (d) distribution systems subordinated to a transmission system that is deemed to be on a trajectory to full decarbonisation may also be deemed to be on a trajectory to full decarbonisation; (e) to determine compliance, it is possible to consider a system covering multiple control areas which are interconnected and with significant energy exchanges between them, in which case the weighted average emissions factor across all included control areas is used, and individual subordinated transmission or distribution systems within that system is not required to demonstrate compliance separately; (f) it is possible for a system to become non-compliant after having previously been compliant. In systems that become non-compliant, no new transmission and distribution activities are compliant from that moment onward, until the system complies again with the threshold (except for those activities that are always compliant, see above). Activities in subordinated systems may still be compliant, where those subordinated systems meet the criteria of this Section; (g) a direct connection or expansion of an existing direct connection to production plants includes infrastructure that is indispensable to carry the associated electricity from the power generating facility to a substation or to the network.		
	EU Taxonomy DNSH-criteria	**Comments on alignment**	**Alignment**
Climate change adaptation	Please see under Electricity generation from hydropower.	**Relevant contextual information** The energy sector is subject to both sector recommendations and laws/regulations to ensure that grids are built and rehabilitated for the purpose of withstanding climate risk. REN (Rasjonell Effektiv Nettutvikling) develops, in collaboration with Norwegian grid companies, guidelines and tools in order to maintain best practice within projecting, installing, operations and maintenance of the power grid. This also includes projecting to face climate risks.	Likely partially aligned. It is unclear whether the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity.

		The regulation "Forskrift om elektriske foryningsanlegg» (FOR-2005-12-20-1626) requires the following: Overhead high voltage lines must be dimensioned to withstand foreseeable climatic and other stress related to nature such as ice load, wind load, temperature, floods, snow, soil erosion etc. Climate risk is a part of the Risks and Vulnerability analysis ("Risiko- og sårbarhetsanalyser (ROS)) based on "Forskrift om sikkerhet og beredskap I kraftsforsyningen» (FOR – 2012- 12-07-1157). Climate risk is defined as an "extraordinary event", which is the basis for the regulation. **Information provided by the issuer** By following regulations Helgeland Kraft/Linea is conducting proper risk analysis and taking necessary steps to mitigate the effect from and adapt to climate changes on the distribution network.	
Transition to a circular economy	• A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.	**Relevant contextual information** Waste is regulated in the Norwegian Waste regulation ("avfallsforskriften"). For bigger transmission lines, NVE requires the development of environment-, transport- and construction plan, including waste management. **Information provided by the issuer** Helgeland Kraft and Linea have a frame agreement for waste management with a local waste management contractor, which undertakes to handle waste in accordance with rules and regulations.	Likely partially aligned. The contractual agreement does not explicitly demand maximal reuse or recycling and no other information has been provided to suggest this is otherwise ensured.
Pollution prevention and control.	Overground high voltage lines are eligible if: • Construction site activities follow the principles of the IFC General Environmental, Health, and Safety Guidelines[19]. • Activities respect applicable norms and regulations to limit impact of electromagnetic radiation on human health, including for activities carried out in the Union, the Council recommendation on the limitation of exposure of the general public to electromagnetic	**Relevant contextual information** For bigger transmission lines, NVE requires the development of environment-, transport- and construction plan, including waste management and HSE-issues.	Likely aligned.

[19] Environmental, Health, and Safety (EHS) Guidelines of 30 April 2007: https://www.ifc.org/wps/wcm/connect/29f5137d-6e17-4660-b1f9-02bf561935e5/Final%2B-%2BGeneral%2BEHS%2BGuidelines.pdf?MOD=AJPERES&CVID=jOWim3p

	fields (0 Hz to 300 GHz)182 and for activities carried out in third countries, the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection (ICNIRP). • Activities do not use PCBs poly-chlorinated biphenyls.	Electromagnetic radiation is regulated by the Regulations on Radiation Protection and Use of Radiation ("Strålevernsforskriften"). In Norway, PCB is prohibited in transmission lines and has been phased out since 2010. The industry has entered into a binding collaboration with REN (Rasjonell Effektiv Nettutvikling) on storage and handling. SF6 gas is a strong climate gas with great attention paid to its use. **Information provided by the issuer** The industry has entered into a binding collaboration with REN (Rasjonell Effektiv Nettutvikling) on storage and handling. SF_6 is non-flammable gas and therefore commonly used in transformers and substations as an electrical insulation. It is a strong greenhouse gas with great attention paid to its use. Helgeland Kraft/Linea avoids using SF_6 gas when constructing new facilities and instead use climate friendly alternatives (example "Ranosen/Plurheia").	
Protection and restoration of biodiversity and ecosystems	An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU[20], or in accordance with national provisions. • Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. • For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented[21] [22].	**Relevant contextual information** Transmission lines need a license from the NVE according to the Energy Act. To receive a license, the company needs to complete an EIA if needed under the "Planning and Construction Act", including implementation of mitigative measures. **Information provided by the issuer** Cultural sites and monuments are always mapped in advance of planning new facilities so that alternative routes can be considered. Helgeland Kraft has moved masts out of national parks.	Likely aligned.

[20] The EU-EIA-directive. EUR-Lex - 32011L0092 - EN - EUR-Lex (europa.eu)
[21] Practical guidance is contained in Commission notice C/2018/2619 'Guidance document on the requirements for hydropower in relation to EU nature legislation' (OJ C 213, 18.6.2018, p. 1).
[22] The Taxonomy is referring to Appendix D in the Taxonomy Annex 1.

Infrastructure for enabling low-carbon road transport and public transport

Framework activity	**Clean transportation**		
Taxonomy activity	**Infrastructure for enabling low-carbon road transport (NACE Code F42.11, F42.13, F71.20 and F71.1)**		
Taxonomy version	**EU Technical mitigation criteria**	**Comments on alignment**	**CICERO Green's comment on alignment**
Mitigation criteria	• Substantial contribution to climate change mitigation 1. The activity complies with one or more of the following criteria: (a) the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO_2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS); (b) the infrastructure and installations are dedicated to transhipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transhipment of goods; (c) the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signaling systems for metro, tram and rail systems. 2. The infrastructure is not dedicated to the transport or storage of fossil fuels.	**Relevant contextual information** Under this category, the issuer will support the infrastructure for zero-emission transport, such as charging infrastructure for electric vehicles. **Information provided by the issuer** Helgeland Kraft will only invest in charging stations for EVs with zero emission tailpipe, which align with criteria 1a).	Likely aligned. Note that charging stations can also be used by plug-in hybrid vehicles, thus involving some fossil fuel related activities.
	EU Taxonomy DNSH-criteria	**Comments on alignment**	**Alignment**
Climate change adaptation	Please see under Electricity generation from hydropower.	**Information provided by the issuer** The infrastructure assets eligible under framework mainly represent infrastructure where construction has already taken place, which means additional negative environmental impact is limited. EV charging facilities will be installed in areas which are not threatened by climate change risk effects.	Likely aligned.
Sustainable use and protection of water and marine resources	Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and	**Information provided by the issuer** N/A	Likely not relevant as Helgeland Kraft is only investing in onshore charging stations for low carbon road transport.

	of the Council[23] and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders. Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council[24] and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.		
Transition to circular economy	• At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.	**Information provided by the issuer** Waste management is handled in accordance with national and local laws and regulations, which are included in contracts with subcontractors. Helgeland Kraft uses a supplier with a concept to build charging stations in a sustainable manner. The charging station is delivered as a pre-fabricated module (which enables installation with little footprint)[25], and placed at locations where the user can utilize waiting time.	Likely partially aligned.
Pollution prevention and control	• Where relevant, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers or other measures and comply with Directive 2002/49/EC[26]. • Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.	**Information provided by the issuer** • The construction of a charging station does neither require heavy groundwork nor a long construction period, hence the noise pollution is small. • Measurements on pollution preventions are applied in accordance with national rules and regulations.	Likely aligned.
Protection and restoration	Please see under Transmission and distribution of electricity.	**Information provided by the issuer** Charging stations will be placed in highly populated areas and close to high-traffic roads and not where ecosystems can	Likely aligned.

[23] Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1). For activities in third countries, in accordance with applicable national law or international standards which pursue equivalent objectives of good water status and good ecological potential, through equivalent procedural and substantive rules, i.e. a water use and protection management plan developed in consultation with relevant stakeholders which ensures that 1) the impact of the activities on the identified status or ecological potential of potentially affected water body or bodies is assessed and 2) deterioration or prevention of good status/ecological potential is avoided or, where this is not possible, 3) justified by the lack of better environmental alternatives which are not disproportionately costly/technically unfeasible, and all practicable steps are taken to mitigate the adverse impact on the status of the body of water.
[24] Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1).
[25] See Nå har Umbukta og Utskarpen fått nye lynladere for elbil. | Lad Opp for an example.
[26] The EU-directive relating to the assessment and management of environmental noise. EUR-Lex - 32002L0049 - EN - EUR-Lex (europa.eu)

of biodiversity and ecosystems	• Where relevant, maintenance of vegetation along road transport infrastructure ensures that invasive species do not spread. Mitigation measures have been implemented to avoid wildlife collisions.	be negatively impacted. Furthermore, the charging stations are relative small and do not consume a large area.	

	Minimum social safeguards	
No.	**Questions**	**Answers (to be filled in by the issuer)**
1	Does your company have a policy or made a commitment on human rights (workers' rights are here considered included in human rights)? Signed by top management?	Consideration for human rights, employee rights, and anti-corruption are safeguarded through the Helgeland Kraft's strategy for sustainability and social responsibility. Helgeland Kraft has a "Code of conduct", which covers • The relationship with customers / customer treatment, • Health, Environment and safety, • Discrimination / Harassment, • Conflicts of interest etc. These have not been published directly, but parts of the content have been published and discussed in annual reports (under Corporate Social Responsibility and Working Environment in Annual report). Helgeland Kraft shall be characterized by an injury-free and health-promoting environment with a zero vision for injuries and work-related absence.
2	Do you integrate the OECD social risk due diligence process? 1. Do you map human rights risks in your business activities and when entering into partnerships or projects? 2. Is someone in your company in charge and responsible for the risk mapping and mitigation of risks related to human rights? 3. Do you evaluate whether identified risks are successfully managed? How? 4. Do you issue an integrated report or CSR-report dealing with human rights risks and how you mitigate these?)	As a Norwegian company mostly operating in Norway, both we and our partners are covered by legislation that is structured to safeguard human rights in the broadest sense. In addition, the Norwegian labour market is covered by agreements between the employers and employees that commit to a well-organized working environment, with the workers' right to organize in labour unions. The responsibility for following up social and human rights risk issues is with the HR Director and ultimately with the Board of Directors.
3	What do you consider are your most salient human rights risks? Please explain why.	By operating in Norway and nearby Nordic countries Helgeland Kraft generally consider the risk of violating human rights to be very low. In addition, Helgeland Kraft regulates use of contracted workers in their contracts with sub-contractors and audit this regulation on sites.

4	Do you screen suppliers by using «social» criteria? What are they? Do you include human rights requirements in contracts with suppliers and partners? Do you sometimes include a right for you to do inspections? In what situations?	Helgeland Kraft has established a procurement strategy where requirements for, the environment and sustainability are defined, including expectations of suppliers. Specific requirements for the suppliers are set out in the purchasing agreements / framework agreements.
5	Do you have a whistleblowing mechanism for employees and others? How does this work? Do you require suppliers and others you are in a business relationship with to have such a mechanism? Do you gather the content of complaints from your partners?	Helgeland Kraft has established procedures for how all employees can report negative incidents without being exposed to negative reactions or report anonymously.
6	Do you allow your workers to organize? Do you require that your suppliers or partners allow this?	Helgeland Kraft allows all of our employees to be members of labour unions and organizations. We also require that suppliers and partners shall allow for this.

°CICERO
Shades of
Green

Appendix 3:
About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green bond investments. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University, the International Institute for Sustainable Development (IISD) and the School for Environment and Sustainability (SEAS) at the University of Michigan.

Environmental Finance
Bond Awards
2022
Winner
External assessment provider of the year

- **2020** External Assessment Provider Of The Year, Environmental Finance Green Bond Awards
- **2020** Largest External Review Provider In Number Of Deals, Climate Bonds Initiative Awards
- **2019** External Assessment Provider Of The Year, Environmental Finance Green Bond Awards
- **2019** Largest Green Bond SPO Provider, Climate Bonds Initiative Awards
- **2018** External Assessment Provider Of The Year, Environmental Finance Green Bond Awards
- **2018** Largest External Reviewer, Climate Bonds Initiative Awards
- **2017** Best External Assessment Provider, Environmental Finance Green Bond Awards
- **2016** Most Second Opinions, Climate Bonds Initiative Awards