

<b>Annex to the guarantee request from Sustainability Proofing Summary<sup>1</sup></b>	
The summary <sup>2</sup> is in line with the sustainability proofing guidance and should be presented only for direct financing.	
<b>Identification of the project</b>	
Project total cost (exclusive of VAT):	<input type="checkbox"/> below EUR 10 million <input checked="" type="checkbox"/> equal to or higher than EUR 10 million
<b>If the project is exempted from screening/proofing based on the threshold, please mention this together with a short confirmation of legal compliance</b>	
<b>EIA Directive</b>	
	<input type="checkbox"/> Annex I projects (EIA required)  <input type="checkbox"/> Annex II projects (screening) <ul style="list-style-type: none"> <li><input type="checkbox"/> EIA required (project screened in)</li> <li><input type="checkbox"/> EIA not required (project screened out)</li> </ul> 2014 EIA Directive applicable <ul style="list-style-type: none"> <li><input type="checkbox"/> Yes</li> <li><input checked="" type="checkbox"/> No</li> </ul>
<b>Sustainability proofing process</b>	<input type="checkbox"/> <b>Climate</b> <input type="checkbox"/> <b>Environmental</b> <input checked="" type="checkbox"/> <b>Social</b>
<b>Climate Dimension</b>	
	<p>An assessment of climate aspects was carried out according to the 'Technical guidance on sustainability proofing for the InvestEU Fund', using due diligence materials, EIA documentation, and NIB in-house expertise. The project implementation does not need permits.</p> <p>The program foresees investments in Norled's CAPEX growth program. Norled is Norwegian ferries and express boats operator, providing essential transport services. As Europe's longest coastline, Norway has a topography and natural fjord configuration that makes floating bridges an indispensable part of the country's transportation network, with limited alternative modes of transportation. Ferries and express boats also provide an option to reduce travel distance, time and related GHG emissions.</p> <p>The investments will concern zero and low tail pipe emission vessels (e.g. new or retrofitted electric and green hydrogen ferries and express boats), along with related onshore infrastructure.</p> <p><u>Climate change adaptation</u></p>

<sup>1</sup> In line with Article 8 (5) of the InvestEU Regulation and the sustainability proofing guidance ([C\(201\)2632 final](#)).

<sup>2</sup> In line with section 3.2 of the Investment Guidelines, the sustainability proofing summary shall be made public after the Investment Committee has approved the use of the EU Guarantee for a specific operation (with due regard to rules and practices regarding confidential and commercially sensitive information)

	<p>Key acute physical risks for Norled’s operations are coastal flooding and sea level rise, but both represent low exposure. Increased frequency of acute weather events could result in an increased number of days where vessels might need to suspend operation. Therefore, considering the type of infrastructure, geographic area, climate sensitivity, exposure, and vulnerability aspects, there are no potentially significant (medium or high) climate risks warranting detailed analysis.</p> <p><u>Climate change mitigation</u></p> <p>The carbon footprint assessment is required as per the ‘Technical guidance on sustainability proofing for the InvestEU Fund’, as the project is classifiable under the category ‘Rolling stock, ship, transport fleet purchases’ and the carbon footprint assessment shows that avoided GHG emissions are greater than 20 000 t CO2e per year.</p> <p>Norled’s scope 1 and scope 2 GHG emissions in 2022 accounted for 109 ktCO2e. Norled has set a target to reduce its greenhouse gas emissions to 54 kCO2e by 2030 with the changes in the fleet and its operational practices. Therefore, it is assumed that by 2028 Norled would reduce up to 42 kt of CO2 emissions (based on a calculation with linear reduction approach). It is considered that this CAPEX investment programme will facilitate and provide technical basis for the planned carbon emission reduction.</p> <p>The monetary value of GHG savings per year equals the estimated shadow cost of carbon for the specific year (€/tCO2e) times the estimated GHG savings (tCO2e). The estimates for shadow cost of carbon are from “EC technical guidance on climate proofing of infrastructure 2021-2027” and EIB’s “Climate Bank Roadmap 2021-2025”.</p> <p>The project is compatible with EU climate neutrality targets, as it would help to avoid GHG emissions. Maritime transport is hard-to-abate sector, therefore investments along with shipping decarbonization strategies and green requirements are essential for the transformation of maritime sector in line with net-zero targets and EU climate neutrality targets. Typical asset lifespan is around 30 years, meaning that the infrastructure might also operate beyond 2050.</p>
<b>Environmental Dimension</b>	
	<p>The assessment of environmental impacts was carried out according to the ‘Technical guidance on sustainability proofing for the InvestEU Fund’, using due diligence materials and NIB in-house expertise. No EIA is requested for this type of investment.</p>

	<p>The analysis shows that the change of fleet could lead to better air quality and less noise pollution impacts (underwater noise and for house owners onshore). Also, zero tail-pipe emission solutions mean reduced oil spill risks. The program implementation at operation phase might have a positive impact on the environment.</p> <p>There are no potentially significant (medium or high) residual risks warranting detailed analysis.</p>
<p><b>Social Dimension</b></p>	
	<p>An assessment of social impacts was carried out according to the 'Technical guidance on sustainability proofing for the InvestEU Fund', using due diligence materials and NIB in-house expertise.</p> <p>It is assessed that there will be certain social benefits for the commuters - mainly in a form of less pollution associated with the use of zero and low tail pipe emission vessels, however, the average operational speed of the ferries will somewhat decrease, therefore the trip might take slightly longer time. In addition, less noise pollution and lower vibration can be also deemed as a social benefit.</p> <p><u>Labour and working conditions, and occupational and public health, safety and security</u> The project does not carry specific direct risks related to labour and working conditions.</p> <p>Lower level of pollutants is in general a positive impact also on public health. In addition, the new vessels are designed to meet criteria for universal design (supporting people with various reduced mobility).</p> <p><u>Protection and inclusion of vulnerable persons and/or groups</u> No identified impacts.</p> <p><u>Gender equality</u> It is not expected that the project will have gender specific impacts. The project will not create significant employment in O&amp;M phase. The impacts created by the projects will most likely equally benefit people irrespective of gender.</p> <p><u>Land acquisition and expropriation</u> There is only limited amount of land acquisition for the placing of charging infrastructure, which is limited space at the quays. There are no displacements involved.</p> <p><u>Protection of cultural heritage</u> We did not identify any significant risk on cultural heritage.</p>

Stakeholder engagement

There are no specific stakeholder engagement requirements for this type of a project. The company does not foresee that the project carries significant reputational risks opposition by local communities, or legacy issues.

Supply chain

Although, the direct risks are limited in this operation, electric vessels, and especially their batteries may be associated with sourcing of materials depending on the supply chain.

The company acknowledges potential risks of social violations relating to the use of conflict minerals at large. The company reports on supply chain management practices, as required by the Transparency Act. Norled reports under the Transparency Act. Reports can be found online by Norled.

To mitigate risks, the company has a Code of Conduct that is distributed to its suppliers. In order to enforce the Code of Conduct, Norled visits its supply chain partners/ shipyards.

Ships are typically built in Norway by local shipyards. All the batteries procured in 2023 have been delivered by Seam (a local Norwegian producer of batteries who uses a specific supplier BorgWarner/Akasol, based in Germany and compliant with EU rules. The suppliers source the cells from Samsung.

The company takes supply chain issues seriously, discussing the topics with all partners along the supply chain. For instance, Norled have received an assurance from BorgWarner that they are aware of the potential violations, in the regions of central Africa including the Democratic Republic of Congo and surrounding countries, and that they are committed to continuing to operate in a socially responsible manner and expects suppliers throughout the supply chain to supply products and materials from socially responsible sources.

Norled conducts audits as part of the Transparency Act, but in 2024 there will be a separate audit on its main battery developer Seam.

Overall, Norled are aware of risks inherent and stemming from supply chains related to batteries and takes adequate steps in addressing them. At the same time, a certain residual risk is present given the supply chain sector for batteries.