



Din egen kraft



Green Finance Framework

Haugaland Kraft AS and Sunnhordland Kraftlag AS

March 2021

An Introduction to Haugaland Kraft

The Haugaland Kraft Group (Haugaland Kraft or the group) is a Norwegian utility company, focused on transmission and distribution of electricity, renewable energy and telecommunication networks. We are headquartered in Haugesund and owned by the municipalities of Karmøy, Haugesund, Tysvær, Vindafjord, Sveio, Utsira, Suldal as well as the companies Finnås Kraftlag SA, SØK AS and Fitjar Kraftlag SA.

Our history dates back to the establishment of Haugesund Energi in 1909 and Karmsund Kraftlag 1922 – two Norwegian renewable energy companies

that in 1998 were merged to create Haugaland Kraft. Following a larger restructuring of the business in 2015, we have been organized as a group since January 2016.

The group includes three wholly owned subsidiaries – Haugaland Kraft Energi AS, Haugaland Kraft Nett AS and Haugaland Kraft Fiber AS, as well as Sunnhordland Kraftlag AS and Afiber AS where we are the majority owner. Below, we further describe the business areas most relevant for the purposes of this Green Finance Framework.

Sunnhordland Kraftlag

Sunnhordland Kraftlag (SKL) is a producer of hydropower, with facilities mainly located in the Vestland County. The company was founded in 1946 to ensure the region had a secure and stable access to electric power, and is today owned by Haugaland Kraft (59.7%), BKK (38.2%), and Stord kommune (2.1%).

SKL owns and operates a total of 24 hydropower plants with an aggregate installed effect at 563 MW and an annual average energy production of 2.0 TWh. When adding ownership interests in other hydropower plants in the region, SKL's total annual average electricity production is 2.7 TWh

The region is especially suitable for hydropower as it has access to fresh and cold glacial water from Folgefonna, Norway's third largest glacier, in addition to high levels of precipitation. Future-oriented energy supply means to apply new technology and make use of the best available knowledge. For SKL this means to achieve the highest possible output from the water sources we possess.

All hydropower leads to some form of environmental impact, especially during construction. Our aim is to minimize this impact. To avoid negative implications for fish stocks, biodiversity and ecosystems where we operate, we have an in-house biologist evaluating all our new projects.

Future renewable energy solutions will also require new and smart renewable energy sources. SKL is actively cooperating with external partners to develop energy storage solutions by producing both liquified and compressed green hydrogen. For industrial processes, and not least for transportation on land and at sea, hydrogen is expected to be an important energy source for the next decade.

At SKL, we want to be part of a sustainable development in our region. This means we must manage our resources in a responsible manner, increase the efficiency of our operations, build sustainable infrastructure for our region, and provide clean and renewable power. We must meet the energy demand of today, without sacrificing resources for future generations.



Haugaland Kraft Energi

Haugaland Kraft Energi AS is the leading regional provider of electricity, solar panel installations for private households, corporate clients and municipalities, as well solutions for electric vehicles charging, and various construction services such as smart street lighting. In addition, the company was

the first and is currently the only Norwegian provider of battery-free cloud-based storage of solar energy, where clients can store surplus power in the cloud which can later be extracted when the electricity price is higher.

Haugaland Kraft Nett

Haugaland Kraft Nett AS owns and operates regional land transmission and distribution networks across the geographical areas Haugalandet, Sunnhordland and Indre Ryfylke, which covers an area of nearly 5.000 km² with a population of around 150.000 people. We are currently working on several projects to increase the efficiency of our operations. For instance, we are upgrading parts of our networks to ensure a more robust power supply, and we are also developing our first digital transformer stations which will give several advantages such as increased efficiency, reduced need for maintenance, increased security as well as remote monitoring and analysis.

Haugaland Kraft Nett is actively promoting consolidation in the regional power grid system and has over the last few years acquired and merged with several smaller network operators. This results in a more secure and stable network, as well as lower prices for consumers. In addition, it enables the company to prepare the grid for increased digitalisation. Haugaland Kraft Nett is involved in several projects aimed at increasing electrification, digitalisation and efficiency of the power distribution in the local area.



Haugaland Kraft Fiber

Haugaland Kraft Fiber is a market leader in providing high-speed internet services via fibre optic solutions for private households, companies and public authorities. The company also delivers products produced by Altibox, including broadband, IPTV and VoIP services. In addition, Haugaland Kraft Fiber delivers emergency services such as fire alarms and other services requiring stable communication at high-speed internet.

Our View on Sustainability

For more than 100 years, Haugaland Kraft has been a supplier of renewable energy. As such, our activities inherently play an important role in a low-carbon and climate-resilient future. A higher degree of electrification within areas such as transportation, industry and buildings is required if Norway is to achieve its national goal for a reduction in greenhouse gas emissions under the Paris Agreement.

From an environmental perspective, our aim is to minimize any negative impact on our surroundings and we constantly look for ways to improve. This includes for instance increasing the efficiency in existing infrastructure.

We are also a significant contributor to economic and social value creation in our region. In 2018, the company paid about 200 million in dividends and taxes to the local municipalities, energy companies and residents who represent our owners.

We aim to be an active partner in the region's development, and we support over 100 different organizations, associations, events and activities related to sport and culture in several municipalities in the area where we operate.

Finally, we aim to contribute to increased digitalization to enable more efficient use of renewable energy, motivated by both economic and environmental rationale. We have begun to establish digital solutions for local production of electricity, with solar cells and smart control of energy consumption, as well as for the overall transmission and distribution grid. Through research and development agreements (R&D) with municipalities in our region, we are exploring the possibilities that "internet of things" can bring in the development of smart cities and we are constantly looking for partners that help increase the value of digital and innovative services.

With the rapid development related to sustainability topic in our society we have seen a need to look at sustainability in a more strategic context. We are therefore currently updating our sustainability strategy, assessing which topics are most relevant and have greatest impact, with the purpose of defining sustainability targets for the years ahead. We expect to conclude this process during first half of 2021.



The UN Sustainable Development Goals

At Haugaland Kraft, we support the UN Sustainable Development Goals (SDGs). As part of our internal sustainable strategy process currently ongoing, we are assessing which of the SDGs are most relevant for us and where we believe we can contribute the most. For promoting sustainable development throughout our operations. Below, we highlight the SDGs we view as most relevant for us in relation to this framework.



SDG 7: AFFORDABLE AND CLEAN ENERGY

Although the future is electric, not all electricity is future-friendly. We have been supplying renewable hydropower for 110 years, thereby facilitating future-friendly electricity. We aim to do the same with our growing practice in solar power.



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

Solar energy, smart homes and smart cars. The cities of the future need to pollute less, consume smarter and waste less resources. We use new technology and connect smart minds to make our society faster and better.



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible consumption is good for nature - and good for us. That is why Haugaland Kraft is Eco-Lighthouse certified and we sort and recycle almost all our waste. We have started to install solar cells on our own roofs and as many of our cars as possible should run on electricity.



SDG 13: CLIMATE ACTION

Meeting the goals under Paris Agreement requires forceful action to mitigate climate change, not only by governments but also by corporates and individuals. At Haugaland Kraft we contribute to this goal by offering a clean power source as well as supporting our society with infrastructure for a low-carbon lifestyle.



SDG 15: LIFE ON LAND

This goal, which inter alia addresses "conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems" is goes straight to the core of our business activities. We are strongly aware of our obligation to ensure sustainable operation with regards to conservation of the environment in which we operate our hydropower plants and limit the impact on biodiversity in the rivers we use.

The Eco-Lighthouse Certification

Haugaland Kraft AS has been certified according to the Eco-Lighthouse certification scheme ("Miljøfyrtårn" in Norwegian) since December 2012. The Eco-Lighthouse certification scheme is Norway's most widely used environmental management system.

The scheme provides concrete measures for enterprises to improve their environmental performance, control their environmental impact and prove their dedication to corporate responsibility.

The Eco-Lighthouse Foundation is the first national certification scheme in Europe to be recognised by the European Commission. The recognition verifies that the scheme holds the standard and quality on par with international eco-labelling schemes.

To attain the certification, the review process requires assessments of internal systems, the working environment, procurement processes, energy consumption, transport, waste and emissions to water. As a result, we work consciously to minimise our impact on the external environment, ensure we have a good environmental policy in place and to be perceived as environmentally conscious in the market and society overall.

To further our environmental work, annual action plans are prepared for which results are reported in the Eco-Lighthouse Portal. Our most recent certification was completed in 2019 and we are due to recertify in 2022.

Haugaland Kraft and Green Finance

Investing in the clean energy transition is vital if we are to reach the Paris Climate Agreement. This Green Finance Framework (the “Framework”) enables both **Haugaland Kraft AS** and its subsidiary **Sunnhordland Kraftlag AS** to issue Green Bonds and Green Loans (collectively referred to as “Green Finance Instruments”) to finance investments made by a group company in renewable energy, infrastructure and other initiatives enabling the transition to a low-carbon and climate-resilient society.

This Green Finance Framework is aligned with the ICMA Green Bond Principles and the LMA/LSTA Green Loan Principles, both published in 2018, and has been prepared in cooperation with DNB Markets.

The Framework defines assets and projects that can be financed by Green Finance Instruments (“Green Projects”), and it also outlines the process to evaluate, select, track and report on such investments.

Each Green Finance Instrument issued under this Framework should in their relevant transaction documentation refer to this Green Finance Framework.

Use of Proceeds

An amount equal to the net proceeds from Green Finance Instruments issued under this Green Finance Framework will be used to finance a portfolio of assets and projects, in whole or in part, that promote the transition towards low-carbon and climate-resilient development.

Only such assets and projects that comply with the list of Green Projects below are deemed eligible to be financed by Green Finance Instruments. Net proceeds from Green Finance Instruments can be used for the financing of new assets and projects, as well as for refinancing purposes. New assets and projects are defined as ongoing Green Projects and those taken into operation less than 12 months prior to the issuance of a Green Finance Instrument.

For the avoidance of doubt, Green Finance Instruments 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.

Green Projects

Green Finance Instruments issued under this Framework will finance and refinance investments and related expenditures within the following Green Project Categories, also including acquisitions of such projects as well as investments in a controlling stake of the share capital of companies with such assets, 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.

- Renewable energy projects, including hydropower and solar power
- Renewable energy infrastructure, including power grids for transmission and distribution of electricity and smart grid solutions
- Production of green hydrogen
- Infrastructure for clean transportation
- Telecommunication networks

Each category, with its respective criteria, is further described on the following pages.

Alignment with relevant standards and guidelines

With this Framework, our aim is to meet best market practice by adhering to relevant standards and guidelines in the green finance market. Each Green Project Category has therefore been mapped against the different categories of the ICMA Green Bond Principles (“ICMA GBPs”), the relevant UN Sustainable Development Goals (“UN SDGs”) as well as the relevant activities included in the EU Taxonomy for environmentally sustainable economic activities.

The references to the EU Taxonomy are based on the Taxonomy Report and Technical Annex (“Taxonomy Report”) published by the Technical Expert Group on Sustainable Finance (“TEG”) in November 2020. The Taxonomy Report

includes the final recommendations from the TEG in terms of setting metrics and thresholds for classifying environmentally sustainable economic activities. In essence, such activities should;




- make a substantial contribution to the achievement of one or several of EU's six overarching environmental objectives,
- do no significant harm to the achievement of any of the other environmental objectives, and
- meet minimum social safeguards.

To accompanying the EU Taxonomy Regulation, delegated acts with technical screening criteria for specific economic activities are to be published for the six defined environmental objectives. In November 2020, draft delegated acts were published providing technical screening criteria for two of these environmental objectives – **Climate Change Mitigation** and **Climate Change Adaptation**. The references in this Framework are based on these drafts. The delegated acts are expected to be formally adopted in March 2021. Based on currently available information, we believe the Green Projects financed under this Framework align well with the metrics and thresholds of the EU Taxonomy and have the potential to make a substantial contribution to EU's environmental objective of **Climate Change Mitigation**. We have not performed a formal assessment and cannot guarantee alignment, but we aim to provide relevant information to enable investors to make informed decisions. Since metrics and thresholds may still change, and may also change over time, we aim to monitor the development, and when deemed necessary by Haugaland Kraft, this Green Finance Framework may be updated to further harmonise with the EU Taxonomy.

Mapping against the relevant economic activities in the Taxonomy Report can be found in the table below, while further details and references to respective metrics and thresholds can be found in the Appendix.




Renewable Energy Projects

This category includes investments, and related expenditures, that promote the green energy transition including development, construction, installation, improvement, operation, repair and maintenance of renewable energy projects including **hydropower** and **solar power**.

ICMA GBPs	UN SDGs	EU Taxonomy
Renewable Energy	  	Electricity generation from hydropower Electricity generation from solar PV


Renewable Energy Infrastructure

This category includes investments, and related expenditures, directed towards construction, installation, improvement, operation, repair and maintenance of infrastructure related to the renewable energy sources listed above such as, but not limited to, **power grids for transmission and distribution of electricity**, **smart grid solutions** and **smart meters** as well as other **monitoring systems aimed at enabling** reduction of energy consumption.

ICMA GBPs	UN SDGs	EU Taxonomy
Renewable Energy Energy Efficiency	  	<ul style="list-style-type: none"> • Transmission and distribution of electricity

Green Hydrogen

This category includes investments, and related expenditures, directed towards the **production of green hydrogen**, including the **necessary infrastructure**.

ICMA GBPs	UN SDGs	EU Taxonomy
Renewable Energy		<ul style="list-style-type: none"> • Manufacture of hydrogen


Infrastructure for Clean Transportation

This category includes investments, and related expenditures, necessary for zero direct emission transport, including **infrastructure for electric vehicles**, such as charging stations.

ICMA GBPs	UN SDGs	EU Taxonomy
Clean Transportation		<ul style="list-style-type: none"> • Infrastructure enabling low-carbon road transport

Telecommunication Networks

This category includes investments, and related expenditures, directed towards construction, installation, improvement, operation, repair and maintenance of **fibre optic telecommunication networks to enable energy efficient, digitalised and electrified solutions for smart cities**.

ICMA GBPs	UN SDGs	EU Taxonomy
Energy Efficiency		<ul style="list-style-type: none"> • Criteria not yet available

Process for Project Evaluation and Selection

To ensure the transparency and accountability around the selection of Green Projects, Haugaland Kraft has established an internal Green Finance Committee, being responsible for the evaluation and selection process. The Green Finance Committee consists of members from the finance, development and sustainability teams in Haugaland Kraft, and all decisions will be made in consensus. For investments in SKL, a dedicated member of the SKL finance team will be part of the Green Finance Committee.

Only such assets and projects that comply with the list of Green Projects defined in the Use of Proceeds section of this Framework are eligible to be financed with Green Finance Instruments. The Green Finance Committee will keep a register of all Green Projects, and to ensure traceability, all decisions made by the committee will be documented and filed.

The Green Finance Committee holds the right to exclude any Green Project already funded by Green Finance Instruments, which is further described below under Management of Proceeds. The Green Finance Committee is also in charge of potential future oversight and updates of this Framework.

Management of Proceeds

An amount equal to the net proceeds from issued Green Finance Instruments will be earmarked for financing and refinancing of Green Projects as defined in this Green Finance Framework.

The finance department of Haugaland Kraft will endeavour to ensure that the value of Green Projects at all times exceed the total nominal amount of Green Finance Instruments outstanding. If a Green Project already funded by Green Finance Instruments is sold, or for other reasons loses its eligibility in line with the criteria in this Framework, it will be replaced by another qualifying Green Project.

Net proceeds from Green Finance Instruments awaiting allocation to Green Projects will be managed according to Haugaland Kraft's overall liquidity management policy and may be invested in short term money market instruments or held as cash.

Reporting

To enable investors, lenders and other stakeholders to follow the development of the Green Projects funded by Green Finance Instruments, a joint Green Finance Report will be made available on both Haugaland Kraft's and SKL's websites. The Green Finance Report will include an Allocation Report and an Impact Report and be published annually as long as there are Green Finance Instruments outstanding.

Allocation Report

The allocation report will include the following information.

- Amounts invested in each of the Green Project categories defined in this Green Finance Framework and the share of new financing versus refinancing.
- Examples of Green Projects that have been funded by Green Finance Instruments.
- The nominal amount of Green Finance Instruments outstanding, per issuer, divided into Green Bonds and Green Loans.
- The amount of net proceeds awaiting allocation to Green Projects (if any).

Impact Report

The impact report aims to disclose the environmental impact of the Green Projects financed under this Framework. Impact reporting will, to some extent, be aggregated and depending on data availability, calculations will be made on a best intention basis. The impact assessment may, where applicable, be based on the metrics listed below.

Renewable Energy Projects and Renewable Energy Infrastructure

- Annual energy generation capacity from renewable energy sources (MW)
- Actual annual energy generation from renewable energy sources (MWh)
- Annual increase in energy transmission and distribution capacity (MW)
- Annual reduction and/or avoidance of GHG emissions (tonnes of CO_{2e})

Green Hydrogen

- Installed hydrogen production capacity (tonnes per year)
- Annual manufacturing of hydrogen (tonnes)

Infrastructure for Clean Transportation

- Number of charging stations for electric vehicles

Telecommunication Networks

- Annual increase in installed fibre optic network (km)
- Annual increase in number of fibre optic network customers (thousands)

External Review

Haugaland Kraft has obtained a Second Party Opinion from [to be confirmed] to confirm the transparency of this Green Finance Framework and its alignment with the ICMA Green Bond Principles and the LMA/LSTA Green Loan Principles, published in 2018. The Second Party Opinion will be made available on our website together with this Green Finance Framework.

An independent auditor appointed by Haugaland Kraft will on an annual basis provide a limited assurance report confirming that an amount equal to the net proceeds from issued Green Finance Instruments have been allocated to Green Projects.

Appendix: The EU Taxonomy

Based on the mapping of the Green Project Categories against the economic activities in the Taxonomy Report, published by the TEG in November 2020, we have below elaborated on the relevant metrics and thresholds for assessing possible alignment.

Electricity generation from hydropower

EU Environmental Objective: Climate Change Mitigation

NACE code: D.35.1.1 and F42.22

Arguments for ensuring substantial contribution to Climate Change Mitigation

The EU Taxonomy introduces a threshold for facilities to operate at life cycle emissions lower than 100g CO₂e/kWh, declining to 0g CO₂e/kWh by 2050. According to the IPCC¹, CO₂ emissions from hydropower vary greatly depending on project and location, with a global median around 20g CO₂e/kWh.

SKL has not performed a GHG life cycle assessment on their hydropower facilities, however according to a study performed in 2019 by the Norwegian Institute for Sustainability Research (NORSUS) on Norwegian hydropower², indicates average emissions of around 3.3g CO₂e/kWh. In addition, the lakes are generally nutrient-poor, deep and cold tempered, and many of them transport glacier water leading to significant water turnover. The lakes are in austere arctic surroundings, often based on rock, with low biological production and limited organic matter. Therefore, methane emissions from algae growth at SKL's facilities are expected to be very limited.

Arguments for ensuring no significant harm towards other environmental objectives

The main negative environmental impacts associated with hydropower highlighted by the EU Taxonomy include emissions to water and generation of waste during construction, as well as impacts on biodiversity associated with fragmentation of ecosystems and changes to habitat, to hydrological and hydrogeological regimes, water chemistry, and interference with species migration pathways as a result of the establishment of the installation and its operation.

For all hydropower projects, we perform environmental impact assessments, and we implement plans to ensure minimal negative impact throughout the asset's life cycle. During operation, we take necessary mitigation measures such as mapping of fish habitats, monitoring of minimum water flows, analysis of water quality as well as monitoring and analysis of other relevant water parameters. We adhere to the EU Water Framework Directive and we follow national laws and regulations. Environmental impact as well as impact on biodiversity, surrounding areas, cultural heritages, and existing outdoor activities are important elements in attaining necessary licenses, as detailed by the Norwegian Water Resource and Energy Directorate (Norwegian: Norges vassdrags- og energidirektorat). Specific minimum requirements include relevant mitigation measures, sound minimum water flows, functional fish migration pathways as well as safeguards for biodiversity and local ecosystems.

¹ IPCC report on "Energy Systems", available here:

https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter7.pdf

² NORSUS report on "The inventory and life cycle data for Norwegian hydroelectricity", available here:

<https://norsus.no/wp-content/uploads/AR-01.19-The-inventory-and-life-cycle-data-for-Norwegian-hydroelectricity.pdf>

Electricity generation from solar PV

EU Environmental Objective: Climate Change Mitigation

NACE code: D.35.1.1 and F42.22

Arguments for ensuring substantial contribution to Climate Change Mitigation

The EU Taxonomy introduces a threshold for facilities to operate at life cycle emissions lower than 100g CO₂e/kWh, declining to 0g CO₂e/kWh by 2050. Solar PV is currently exempt from performing a GHG life cycle assessment, subject to regular review in accordance with the declining threshold.

Arguments for ensuring no significant harm towards other environmental objectives

The main negative environmental impacts associated with solar PV highlighted by the EU Taxonomy are related to nature conservation at a local level.

We offer on-site solar PV installations, and ancillary technical equipment such as batteries and smart controls, on both residential and commercial properties. Hence, our impact on the surrounding environment is limited. Please see Individual Measures and Professional Services below for further guidance.

Transmission and distribution of electricity

EU Environmental Objective: Climate Change Mitigation

NACE code: D.35.12, D.35.13

Arguments for ensuring substantial contribution to Climate Change Mitigation

The EU Taxonomy states that transmission and distribution infrastructure or equipment meeting any of the following requirements are eligible, except for infrastructure that is dedicated to creating a direct connection, or expanding an existing direct connection to a power production plant that is more CO₂ intensive than 100 gCO₂e/kWh, measured on a life cycle basis:

- The transmission and distribution infrastructure or equipment in the system is the interconnected European system, i.e. the interconnected electricity system covering the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems; or
- more than 67% of newly connected generation capacity in the system where the infrastructure or equipment is to be installed is below the generation threshold value of 100 gCO₂e/kWh measured on a PCF basis, over a rolling five-year period; or
- the average system grid emissions factor is below the threshold value of 100 gCO₂e/kWh measured on a life cycle basis, over a rolling five-year average period.

Approximately 98% of Norwegian power production comes from renewable energy sources, where hydropower currently stands for almost all of this production. According to a report published by the Norwegian Energy Regulatory Authority (NVE-RME) in 2018³, the CO₂ emission factor from Norwegian power production in 2018 was 18.9 g/kWh.

Arguments for ensuring no significant harm towards other environmental objectives

To avoid potential significant harm to other environmental objectives, the Taxonomy highlights the need to take into account climate-related risks, having a waste management plan in place for end-of-life reuse and recycling,

³ NVE-RME "Electricity disclosure 2018", available here: <https://www.nve.no/norwegian-energy-regulatory-authority/retail-market/electricity-disclosure-2018/>

ensuring limited impact from electromagnetic radiation and making environmental impact assessments to limit negative impact on biodiversity and ecosystems.

Before commencing a new project, as well as prior to larger upgrade works, we perform environmental impact assessments and implement plans to ensure minimal negative impact throughout the asset's lifecycle. We follow national laws and regulations, where environmental impact as well as impact on biodiversity and surrounding areas are important requirements for attaining necessary licenses.

Manufacture of hydrogen

EU Environmental Objective: Climate Change Mitigation

NACE code: C20.1.1

Arguments for ensuring substantial contribution to Climate Change Mitigation

The EU Taxonomy presents a threshold where life cycle GHG emissions should be 80 % lower than for a fossil fuel comparator of 94g CO₂e/MJ. Carbon capture can be utilized to meet the threshold, if the captured carbon is transported and stored in line with the relevant Taxonomy criteria. The thresholds proposed are also in line with current best market practices to certify green hydrogen.

Haugaland Kraft will only produce green hydrogen, where electricity is generated from renewable energy sources.

Arguments for ensuring no significant harm towards other environmental objectives

The main negative environmental impacts associated with hydrogen production highlighted by the EU Taxonomy include polluting air emissions, water usage and the generation of waste.

We follow national laws and regulations, where studies to assess environmental impact as well as impact on biodiversity and surrounding areas, are important requirements for attaining necessary licenses. We do not operate in areas with water scarcity and by focusing on green hydrogen we minimise the risk of air pollution.

Infrastructure for enabling low-carbon road transport

EU Environmental Objective: Climate Change Mitigation

NACE code: F42.11, F42.13, F71.20

Arguments for ensuring substantial contribution to Climate Change Mitigation

The EU Taxonomy states that construction and operation of transport infrastructure that is required for zero direct emission transport (e.g. electric charging points) are eligible.

Arguments for ensuring no significant harm towards other environmental objectives

The main potential significant harm to other environmental objectives from infrastructure activities highlighted by the EU Taxonomy are attributed to noise and vibration pollution, water contamination, waste generation and impacts on biodiversity (habitat and wildlife) and land use consumption with ecosystem impacts.

Haugaland Kraft's investments in infrastructure to support use of electrical vehicles will be made close to the road which is already in place and close to areas which is already developed and prepared for parking of vehicles (such as petrol stations, grocery stores and cafes/restaurants). Therefore, the additional environmental impact from this activity will be small and mainly relate to the relative short construction period.

Information and communication

EU Environmental Objective: Climate Change Mitigation

NACE Sector: J

Arguments for ensuring substantial contribution to Climate Change Mitigation

The EU Taxonomy does not yet include metrics and thresholds for Telecommunication Networks, but the TEG included in their final report from March 2020 to the EU Commission a recommendation to undertake work on a number of activities within the Information and Communication sector, among other Telecommunication Networkⁱ.

As part of this recommendation, the EU Taxonomy highlights the importance of energy efficiency measures as the energy demand rises, to ensure a substantial contribution to climate change mitigation. This could either be done by a “best-in class” approach, where the top 10% in terms of energy efficiency in their network category could be eligible, or by an alternative approach, focusing on an improvement in energy efficiency compared to a baseline.

Based on this alternative approach, threshold could for example be set in terms of attaining at least 15% energy saving compared to the energy consumption measured before the eligible project was implemented. Activities in scope could include upgrading of telecommunication networks to new generation as well as energy efficiency and management in existing telecommunication networks.

Haugaland Kraft offers telecommunication network services based on fibre optics. In line with our strategy, our fibre optic networks are an important contributor in building smart and energy-efficient societies. We are exploring the possibility for making investments related to the use of sensor technologies and wireless networks (such as WiFi, LoRAWAN, etc.). So far, our investments have been related to building a stable fibre network infrastructure with high uptime performance, which is important to smart cities and societies.

Arguments for ensuring no significant harm towards other environmental objectives

The EU Taxonomy currently does not discuss any relevant metrics or factors for assessing potential harm towards other environmental objectives.

Installation of our fibre optic networks carries minimal impact on the surrounding environment since fibre optic cables are often installed together with already established power grid lines and trenches are narrow.

ⁱ [Technical annex to the TEG final report on the EU taxonomy \(europa.eu\)](#) (page 361)