KBN
The Norwegian Agency
for Local Governments

2023

Impact Report

Green Loans Financed with Green Bonds

Photo: HOLON arkitektur

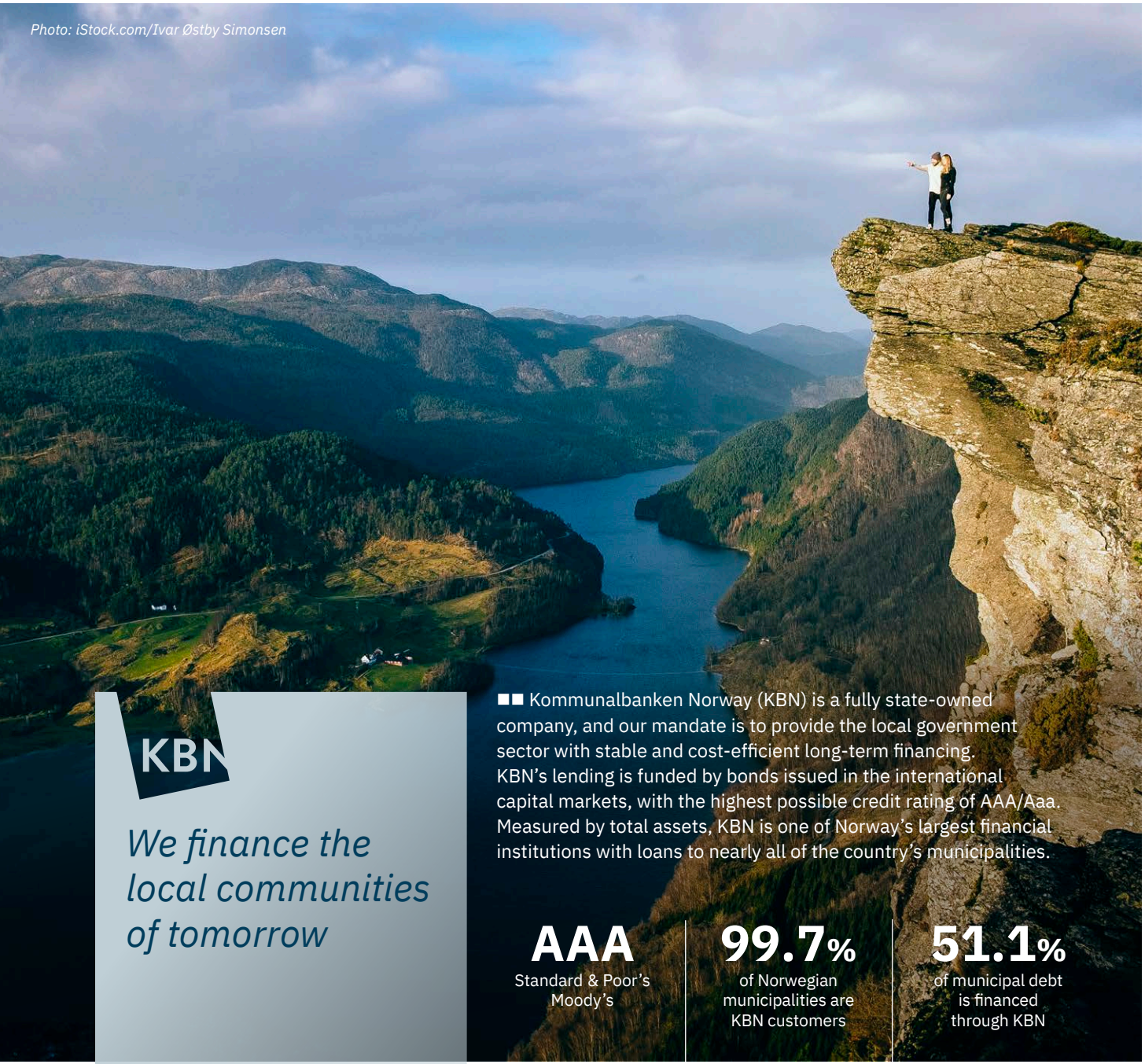


Photo: iStock.com/Ivar Østby Simonsen

KBN

We finance the local communities of tomorrow

■■ Kommunalbanken Norway (KBN) is a fully state-owned company, and our mandate is to provide the local government sector with stable and cost-efficient long-term financing. KBN's lending is funded by bonds issued in the international capital markets, with the highest possible credit rating of AAA/Aaa. Measured by total assets, KBN is one of Norway's largest financial institutions with loans to nearly all of the country's municipalities.

AAA
Standard & Poor's
Moody's

99.7%
of Norwegian municipalities are KBN customers

51.1%
of municipal debt is financed through KBN

2023 Highlights

This report presents the environmental impact of KBN's green loan programme as of 31 December 2023. All funds raised by KBN's green bond issuances will be used to finance green loans in the Norwegian municipal sector.

38.6 bn. NOK

GREEN BONDS

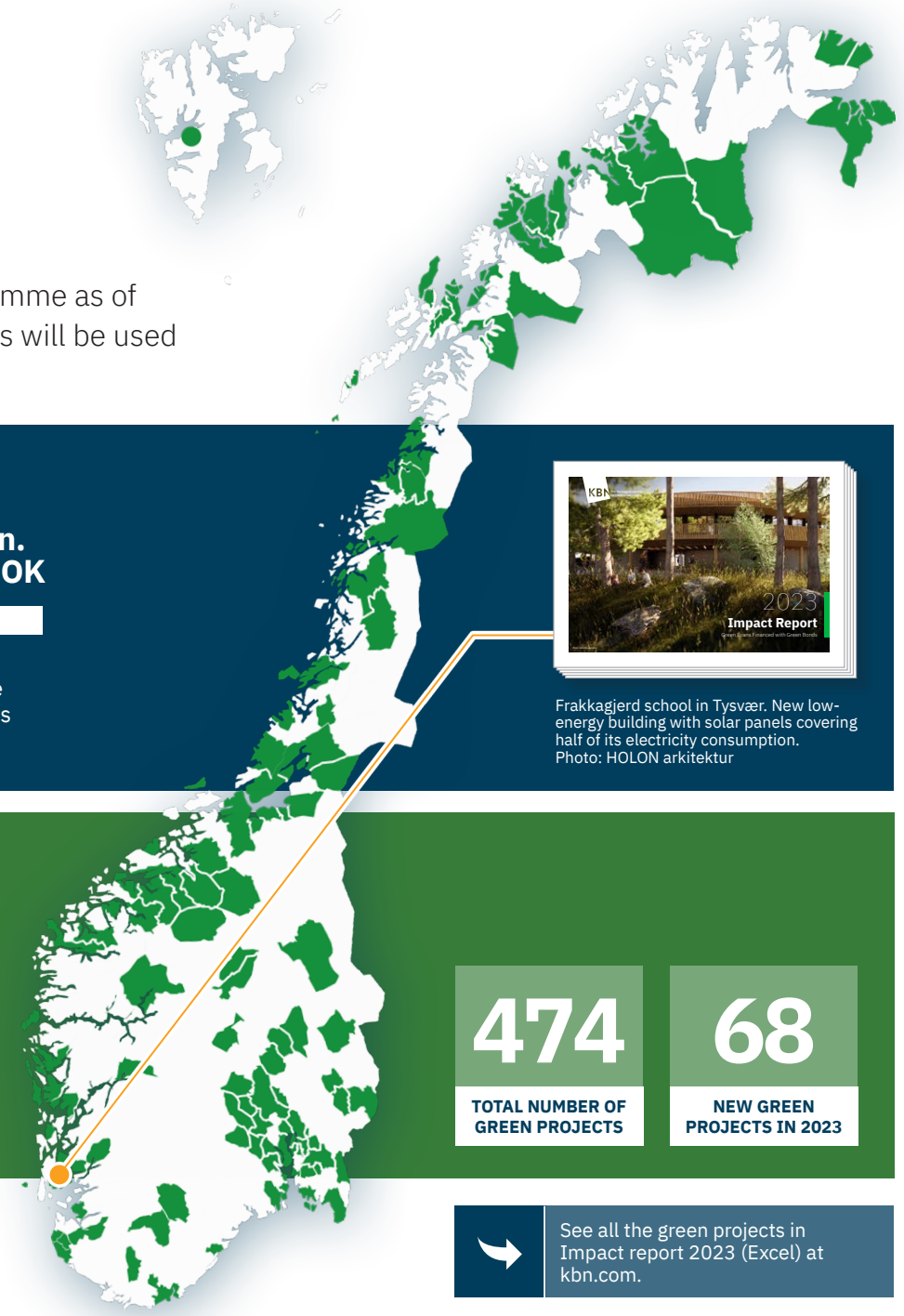
Funds from green bonds issued in international capital markets ...

52.8 bn. NOK

GREEN LOANS

... provide green loans with a lower interest rate for climate smart projects across the country.

Frakkagjerd school in Tysvær. New low-energy building with solar panels covering half of its electricity consumption.
Photo: HOLON arkitektur



OUR GREEN LOAN PROGRAMME HELPS FINANCE

14 034
tonnes of CO_2e reduced and avoided annually[1]

617 296
Population equivalents increase in water and wastewater capacity[2]

107 849
MWh renewable energy produced annually

46 684
MWh energy reduced and avoided annually

139 877
tonnes increased waste management capacity

14.9%
Share of total lending[3]

474
TOTAL NUMBER OF GREEN PROJECTS

68
NEW GREEN PROJECTS IN 2023

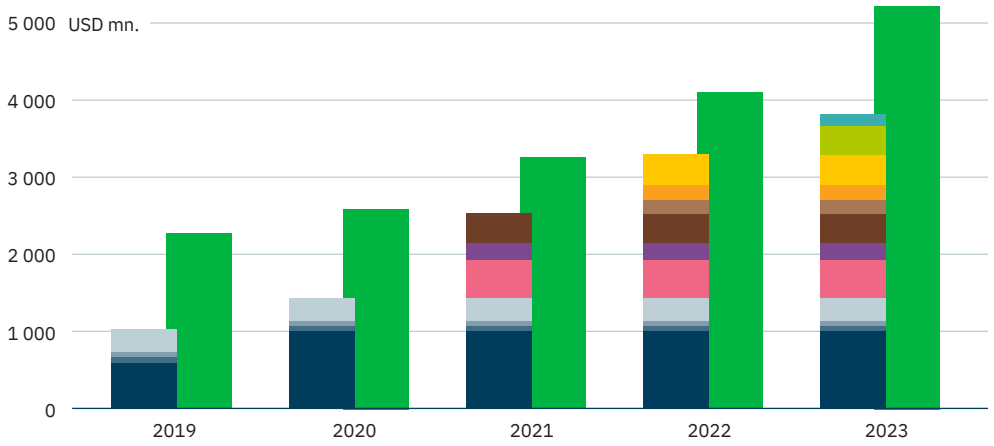
1) We do our best to ensure the quality of the information provided; however, the reader should be aware that there is uncertainty related to estimating climate and environmental impact from investments. Read more about reporting principles on page 15 in this report.
2) Population equivalents is an expression that describes the load and capacity of water and wastewater supply.
3) Share of KBN's total lending which is eligible for green bond financing.

See all the green projects in Impact report 2023 (Excel) at kbn.com.

Executive summary

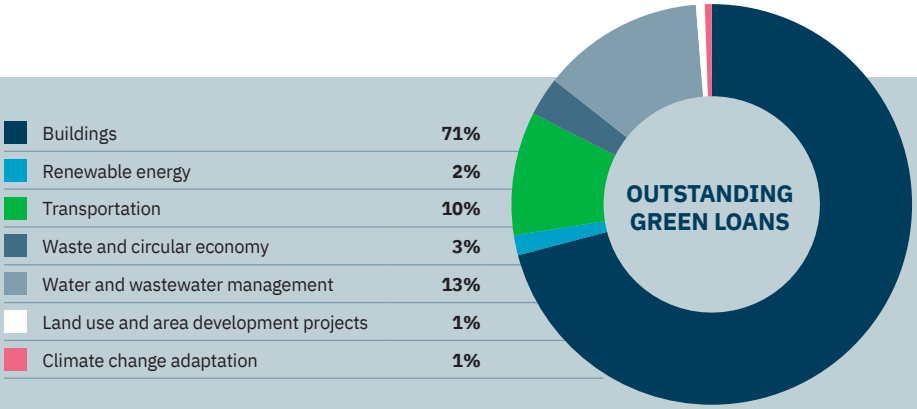
As of 31 Dec 2023

OUTSTANDING GREEN BONDS AND GREEN LENDING



Total outstanding green bonds divided by outstanding green loans, as of 31 December 2023				73% of which
Issue date	Volume	Maturity	ISIN	
11 Feb 2015	USD 1 billion [1]	11 Feb 2025	US50048MBX74 / XS1188118100	19 %
29 Nov 2017	NOK 750 million	29 Nov 2027	NO0010811276	1 %
29 Nov 2017	NOK 600 million	29 Nov 2032	NO0010811284	1 %
28 Aug 2019	SEK 3 billion	28 Aug 2026	XS2047497289	6 %
21 Apr 2021	USD 500 million	21 Oct 2024	US50048MDA53 / XS2333390164	10 %
08 Oct 2021	AUD 300 million	08 Oct 2024	AU3CB0283596	4 %
18 Oct 2021	CAD 500 million	18 Oct 2024	US50047JAJ79 / XS2398386776	7 %
24 Feb 2022	SEK 1,75 billion	24 Feb 2025	XS2447758025	3 %
17 Nov 2022	AUD 300 million	17 Nov 2026	AU3CB0294130	4 %
07 Dec 2022	CAD 500 million	07 Dec 2027	XS2564075583 / US50047JAK43	7 %
05 Oct 2023	CAD 500 million	05 Oct 2026	XS2698771545 / US50047JAM09	7 %
18 Oct 2023	AUD 225 million [2]	18 Apr 2034	AU3CB0303519	3 %
Outstanding green lending				

1) Originally USD 500 mn., USD 100 mn. tap in 2019 and USD 400 mn. tap in 2020.
2) Originally issued in October 2023 as AUD 200 million and tapped by AUD 25 million in December 2023.



PROJECT PORTFOLIO AND ENVIRONMENTAL IMPACT [1]

Project portfolio	Green loan outstanding (1000 NOK)	Reduced and avoided GHG (tonnes CO_2e annually)	Impact tonnes CO_2e per million NOK [2]
Buildings	37 415 841	1 131	0.03
Renewable energy	849 408	1 212	1.43
Transportation	5 256 989	11 606	2.21
Waste and circular economy	1 656 229	84	0.05
Water and wastewater management	6 914 872	n/a	n/a
Land use and area development projects	375 355	n/a	n/a
Climate change adaptation	294 001	n/a	n/a
Total	**52 762 694**	**14 034**	**3.72**
Renewable energy produced annually			**107 849 MWh / 388 254 632 MJ**
Energy reduced/avoided annually			**46 684 MWh / 168 062 619 MJ**

1) The impact reported corresponds to the share of the project financed by KBN. A grid factor of 19g CO_2e per kWh electricity is applied throughout when converting electricity to emission reductions.
2) Tonnes CO_2e reduced or avoided per million NOK of green lending.

BASIC INFORMATION

Current Green Bond Framework:
KBN Green Bond Framework, dated March 2021

Reporting period and scope:
Calendar year 2023. The report provides a summary of projects financed from the beginning of the green bond and green loan programmes. The project list included in this report reflects new projects added in 2023. For a complete overview of all projects within the portfolio, an extended version of the report in spreadsheet format is available at kbn.com

Date of publication:
14 March 2024

Reporting frequency:
Annually, next report scheduled March 2025

Reporting approach:
Portfolio-based and project-by-project reporting

Reporting framework:
Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting

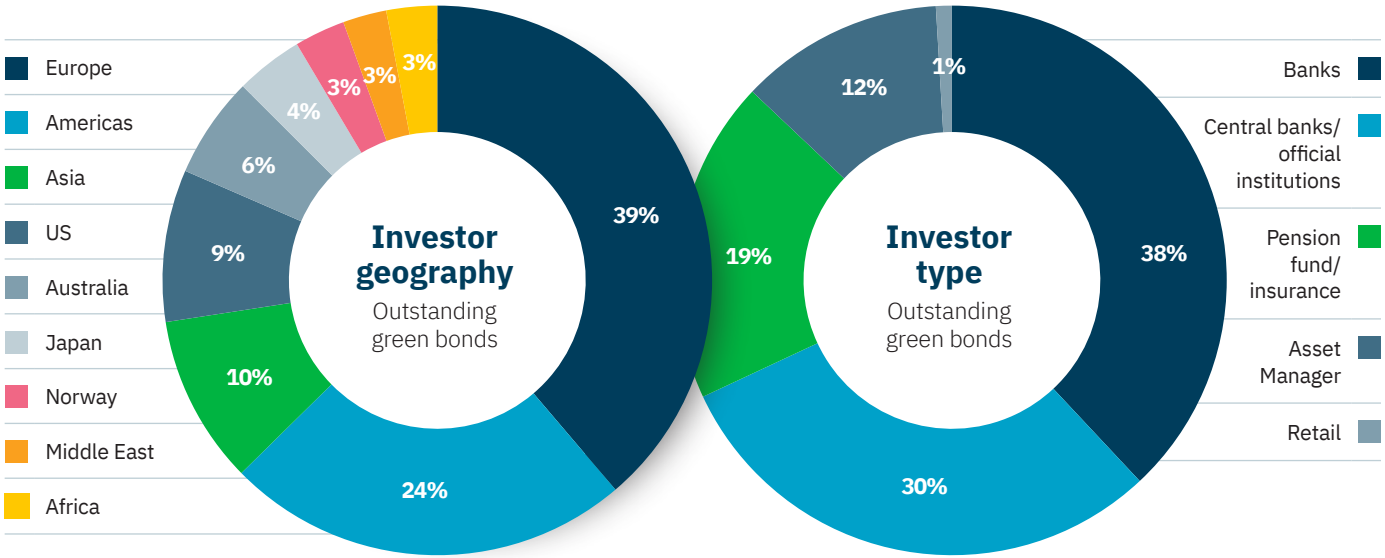
Verification:
Internal audit of compliance of guidelines and routines related to green loans and bonds, as well as allocation. Conducted by KPMG. See page 63

Green bonds

KBN is the Norwegian bond issuer with the longest history of listed green bonds and is also among the most active Norwegian issuers of such bonds.

As of year-end 2023, we have twelve bonds in five different currencies, totaling NOK 38.6 billion in green funding.

Unallocated proceeds from green bonds per 31 Dec 2023	**0 NOK**
Green bonds	**38.6 billion NOK**
Share of total bonds outstanding	**8.6%**



CICERO Medium Green Shading with Excellent governance score

°C | °CICERO Medium Green

In 2021 KBN published its third Green Bond Framework, setting the bar for governance and project quality for any subsequent green funding. The updated framework has undergone review by CICERO, which has resulted in an overall Medium Green shading for the project categories and an Excellent governance score. For further details on KBN's governing documents, please refer to page 13.

OUTSTANDING GREEN BONDS

Date	Amount	Maturity	Coupon	ISIN
11 Feb 2015	USD 1 billion [1]	11 Feb 2025	2.125%	US50048MBX74 / XS1188118100
29 Nov 2017	NOK 750 million	29 Nov 2027	2.00%	NO0010811276
29 Nov 2017	NOK 600 million	29 Nov 2032	2.20%	NO0010811284
28 Aug 2019	SEK 3 billion	28 Aug 2026	0.125%	XS2047497289
21 Apr 2021	USD 500 million	21 Oct 2024	0.50%	US50048MDA53 / XS2333390164
08 Oct 2021	AUD 300 million	08 Oct 2024	0.50%	AU3CB0283596
18 Oct 2021	CAD 500 million	18 Oct 2024	1.00%	US50047JAJ79 / XS2398386776
24 Feb 2022	SEK 1.75 billion	24 Feb 2025	0.765%	XS2447758025
17 Nov 2022	AUD 300 million	17 Nov 2026	4.40%	AU3CB0294130
07 Dec 2022	CAD 500 million	07 Dec 2027	3.80%	XS2564075583 / US50047JAK43
05 Oct 2023	CAD 500 million	05 Oct 2026	4.90%	XS2698771545 / US50047JAM09
18 Oct 2023	AUD 225 million [2]	18 Apr 2034	5.25%	AU3CB0303519

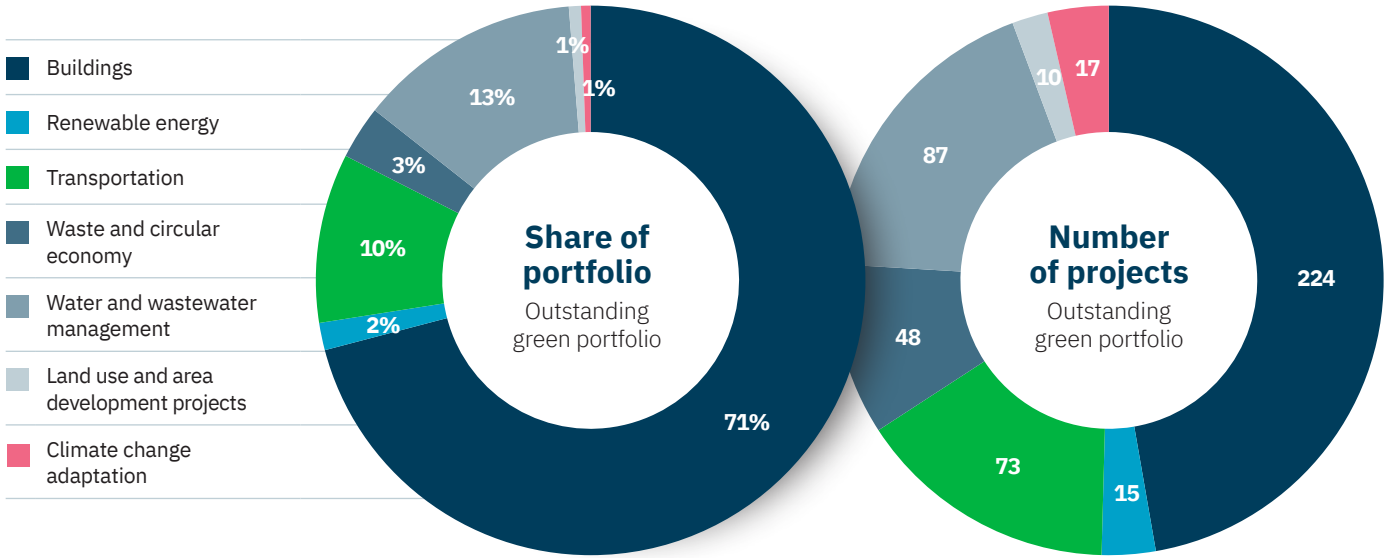
KBN's inaugural green bond issuance, a three-year bond of USD 500 million issued in 2013, matured in 2016. In addition, a four-year bond of USD 500 million matured in 2020. KBN's inaugural AUD green bond, a 5-year bond of AUD 450 million issued in 2018, matured in 2023.
1) Originally USD 500 million, USD 100 million tap in 2019 and USD 400 million tap in 2020.
2) Originally issued in October 2023 as AUD 200 million and tapped by AUD 25 million in December 2023.

Green loans

KBN offers discounted green loans to climate- and environmentally friendly investments in the Norwegian local government sector. As of 31 December 2023, 73% of outstanding green lending was financed with green bonds.

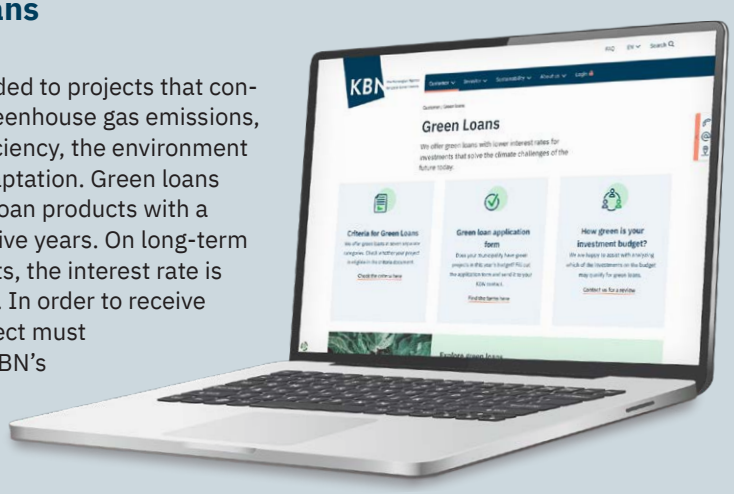
Green loans	**52.8 billion NOK** [1]
Share of total lending	**14.9%** [2]

1) Amount of outstanding green loans which are eligible for green bond financing. In addition, KBN has a small amount of green loans outstanding which were granted prior to the establishment of the Criteria Document. These are no longer financed with green bonds.
2) Share of KBN's total lending which is eligible for green bond financing.

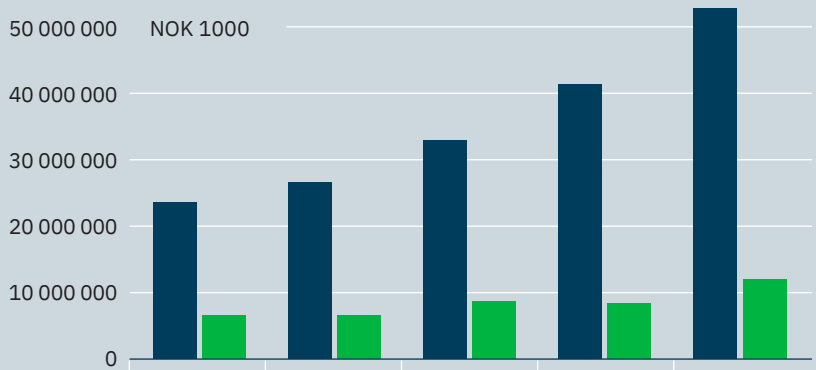


KBN's green loans

Green loans are awarded to projects that contribute to reducing greenhouse gas emissions, improving energy efficiency, the environment or climate change adaptation. Green loans can be offered on all loan products with a maturity longer than five years. On long-term loans with installments, the interest rate is discounted by 10 bps. In order to receive a green loan, the project must qualify according to KBN's Criteria Document for green loans.



GROWTH IN GREEN LOANS



	2019	2020	2021	2022	2023
Outstanding amount	23 048 661	26 112 224	32 876 855	41 420 859	52 762 694
Disbursed amount	6 234 602	6 368 801	8 382 520	8 080 852	11 553 498

Comments on KBN's impact reporting

Norwegian Ministry of Local Government and Regional Development

KBN has been one of the leading Norwegian organisations in green finance for a long time. KBN's discounted green loans for ambitious, green investments across Norway are an important tool for achieving Norway's national emissions reduction targets. With this report, KBN provides a transparent and detailed description of the impact of its green loans, which makes it easy for stakeholders to obtain the information they need. It is positive that KBN has taken the lead in relation to climate risk in the local government sector and has been quick to adapt to growing expectations in terms of its management of its own climate risk.

ERLING SANDE
Minister of Local Government and Regional Development, Norway

QIC

QIC is proud to support KBN's commitment to sustainable finance. The market has evolved, with investors seeking clear information on both investment and transition impact. KBN's impact report leads the way, providing a transparent and data-supported perspective of the positive impact our investments are making – enabling investors like us to confidently support KBN's borrowing program.

MARAYKA WARD
Director, Fixed Income Strategy, Liquid Markets Group, QIC

Photo: Jo Straube

Strong green growth as KBN is on track to launch its first taxonomy loan

BY JANNICKE TRUMPY GRANQUIST
Chief Executive Officer (CEO), KBN

Record high investments far from enough to set the world on net zero track

Global investment in the low-carbon energy transition reached a record high $1.77 trillion in 2023, according to Energy Transition Investment Trends 2024. However, the current level of investment in clean energy technologies is not nearly sufficient to set the world on track for net zero by 2050. According to the report, energy transition investment would need to average $4.8 trillion per year from 2024 to 2030, nearly three times the total investment observed in 2023.

According to the World Economic Forum's Global Risks Report 2024, climate and nature rank top 1-4 risks by severity over the next 10-year period. Extreme weather events are already upon us, while critical change to earth systems and collapse of ecosystems are considered among the biggest risks a few years ahead. 2023 smashed the record for the hottest year by a huge margin, boosted by the El Niño weather event. The planet was 1.48°C hotter in 2023 compared with the period before the mass burning of fossil fuels ignited the climate crisis and is likely to pass the 1.5°C mark in 2024.

Strong green growth as KBN is on track to launch its first taxonomy loan
continued

The lack of global collective leadership is setting the world on a course towards uncharted territory. This only increases our responsibility as business leaders to transform the market to adapt it to a sustainable future.

The EU taxonomy as a new market standard?
As one of the most active players in the green finance area for more than a decade, offering the first taxonomy loan to a Norwegian school was a natural next step in our efforts to develop the market further.[1]

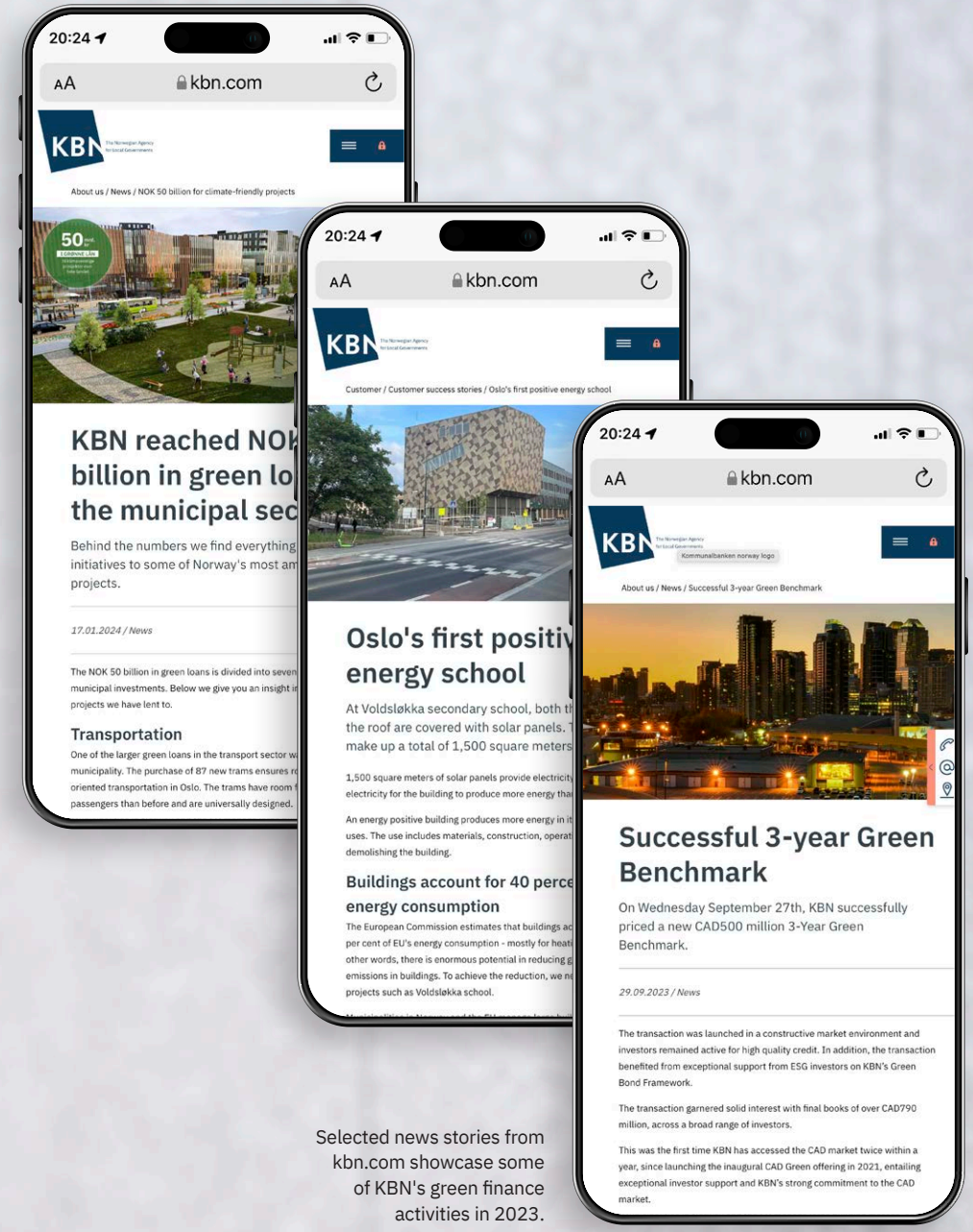
This pilot will be followed up in 2024 with an ambition of five new projects. With these efforts we hope to help inspire the municipal sector as well as the private sector to adjust their investments to contribute to one or more environmental objectives including for instance the transition to net zero, and at the same time doing no significant harm to other environmental objectives. If we are able to create sufficient demand for taxonomy loans, the next step will be to issue an EU Green Bond.

Milestone for KBN's green lending
KBN's Green Bonds finance the transition to a low-carbon, climate resilient future in Norwegian local communities. The net proceeds of the green bonds issued by KBN will be used to finance or re-finance eligible projects that have been evaluated and selected by KBN in accordance with our Green Bond Framework. KBN issued a CAD 500 million Green Benchmark in 2023. At the end of 2023, KBN had outstanding green bonds in USD, AUD, CAD, SEK and NOK totaling NOK 38.6 billion or approximately 8.6% of KBN's total borrowings.

KBN passed the NOK 50 billion mark for green lending in 2023, totaling NOK 52.8 billion at the end of the year, a growth of NOK 11.1 billion. Our portfolio on 31 December consisted of 474 green projects across Norway, from the smallest municipality of Utsira with its 200 residents, to Oslo with its 700 000 residents.

The Norwegian municipal sector's projects e.g., schools and nursing homes, have an economic life of around 30-40 years, meaning they will be with us well into the low and zero-carbon age. KBN supports the sector's green transition and works to reduce its climate risk by offering lower interest rates to projects that cut greenhouse gas emissions, increase energy efficiency and/or constitute an adaptation to climate change. In 2024 we will increase the focus on nature-related risk in our frameworks.

1) Pending final approval by the customer.



Selected news stories from kbn.com showcase some of KBN's green finance activities in 2023.

KBN strategy

We provide financing to the Norwegian local government sector on attractive terms, and we seek to promote sustainable local communities and contribute to the green transition.

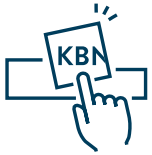
We finance the local communities of tomorrow.

OPEN | RESPONSIBLE | AHEAD

KBN strategy

Our value creation will balance financial, social and environmental factors so that our return over time is generated within sustainable boundaries.

In 2023, we revised our three-year strategy resulting in increased emphasis on sustainability-related activities, delivering valuable insights to stakeholders and accelerating the green shift. Continuing in 2024, we will expand our green lending portfolio and further develop the criteria for green loans, including implementing nature-related criteria. Additionally, KBN will improve and develop environmental impact measurements, including Scope 1-3 emissions, our ESG risk model, and share insights with our customers and investors. With our increased focus on sustainability-related activities, we aim to continue delivering valuable perspectives and stimulate to more green investments across the country.



The customer's first choice

Our main aim is for our customers to want to use KBN for long-term financing of investment in welfare.

Strong market participant

Through a strong position in the capital markets, nationally and internationally, KBN will ensure Norwegian municipalities have access to attractive financing.

Leader in green finance

KBN will be among the leading financial institutions for green financing solutions and insight that contribute to the transition to a sustainable economy and value creation.

Expertise and technology driven

The way we work will promote learning, knowledge sharing and the efficient use of technology.

The evolution of KBN's green strategy

KBN is a long-term participant in the green finance market, having established a green lending programme in 2010.

2010 KBN Green Loans launched

KBN GB Framework

°CICERO SPO

2013

Inaugural Public Green Bond

The Green Bond Principles ICMA GBP Member

2015

Criteria document published

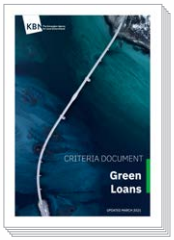
First Environmental Impact Report released

2016

2017

KBN elected GBP executive committee member

2018



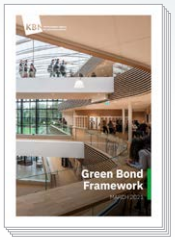
Criteria document updated

2019

Environmental Finance Bond Awards 2020 Winner

KBN wins "Environmental Finance's Impact Report of the Year"

2020



Updated GB framework & CICERO SPO

2021

Environmental Finance Bond Awards 2023 Winner Impact report of the year (for issuers only)

KBN wins "Environmental Finance's Impact Report of the Year" for the second time

2022

2023

KBN's Green Bond Issuances

	ISSUED	MATURITY	AMOUNT
1	Nov 2013	Nov 2016 •	**USD 500 mn**
2	Feb 2015	Feb 2025	**USD 1.0 bn**
3	Oct 2016	Oct 2020 •	**USD 500 mn**
4	Nov 2017	Nov 2027	**NOK 750 mn**
5	Nov 2017	Nov 2032	**NOK 600 mn**
6	Sep 2018	Sep 2023 •	**AUD 450 mn**
7	Aug 2019	Aug 2026	**SEK 3.0 bn**
8	Apr 2021	Oct 2024	**USD 500 mn**

	ISSUED	MATURITY	AMOUNT
9	Oct 2021	Oct 2024	**AUD 300 mn**
10	Oct 2021	Oct 2024	**CAD 500 mn**
11	Feb 2022	Feb 2025	**SEK 1.75 bn**
12	Nov 2022	Nov 2026	**AUD 300 mn**
13	Dec 2022	Dec 2027	**CAD 500 mn**
14	Oct 2023	Oct 2026	**CAD 500 mn**
15	Oct 2023	Apr 2034	**AUD 225 mn**

• **MATURED**

Governance

Green Bond Framework

■■ KBN's Green Bond Framework is the governing document for KBN's green bond programme. It defines at the overall level the type of projects and project categories that can qualify for a green loan. It also describes KBN's procedures and processes for granting, evaluating, and reporting on green loans, which form the underlying assets for the issuance of green bonds, as well as how the funds raised are managed. KBN's framework is aligned with the Green Bond Principles. In March 2021, KBN launched an updated Green Bond Framework which was awarded an Excellent governance score and Medium Green Shading by second opinion provider CICERO.

Download from kbn.com

CICERO Second Opinion of KBN's Green Project Categories	
Buildings	**Medium Green**
Renewable energy	**Medium to Dark Green**
Transportation	**Medium to Dark Green**
Waste and circular economy	**Medium to Dark Green**
Water and wastewater management	**Dark Green**
Land use and area development projects	**Medium to Dark Green**
Climate change adaptation	**Medium Green**

KBN's Criteria Document for Green Loans

■■ The Green Bond Framework is supplemented by KBN's Criteria Document for Green Loans. The Criteria Document establishes the minimum requirements that investments must meet to be classified as green, as well as the type of documentation customers need to provide to demonstrate that their project meets the criteria, including the relevant thresholds. For certain categories, such as energy efficient new buildings, specific thresholds are defined – e.g. a new building must use 20% less energy than the limit stipulated in the applicable national building regulations (TEK) – which customers are required to document. In other project categories, such as climate change adaptation, the customers must describe the specific climate challenges their investment addresses and how.

The Criteria Document is usually revised annually in consultation with KBN's Green Expert Committee, an external body that consists of specialists from relevant sectors. In 2023, KBN implemented changes to the Green Expert Committee, restructuring it from a single larger committee consisting of experts from various sectors covering all project categories, to multiple smaller committees, each dedicated to a specific project category outlined in the Criteria Document.

The specialised groups will provide more in-depth knowledge of the respective categories. Since the restructuring took place in 2023, there has not yet been a meeting in any of the new groups, and no substantial changes have been made to the Criteria Document. The first meeting is scheduled for 2024.

The purpose of the Green Expert Committees is still to advise and guide the continuous development of KBN's Criteria Document for Green Loans to ensure that the criteria are up-to-date and relevant. KBN seeks to update the criteria regularly based on technological progress and advances in terms of what is expected of the local government sector's climate and environment efforts.

Download from kbn.com

Project selection and reporting processes

Customer submits application

1 | Customer submits application

The customer submits the application form and documentation.

2 | The application is assessed by KBN

The customer's relationship manager at KBN makes an initial assessment of whether the project aligns with KBN's Criteria Document for green loans. Subsequently, an in-house climate advisor prepares a written recommendation outlining the project's impact, documentation, and any potential uncertainties. If the project qualifies, the recommendation is then forwarded to a climate controller for quality control. If the climate controller also considers the decision to be well-founded and verifiable, the application is approved.

For projects that are highly innovative, and solutions not widely recognised in the market, the Chief Lending Officer's approval is required. This applies for all applications falling under the "Other" criteria. While these projects must still demonstrate a significant climate or environmental impact, the evaluation process relies on an overall assessment of the documentation provided, given the absence of suitable criteria for evaluation.

Registration and verification of environmental impact

3 | The climate adviser registers the information

New projects and their associated impact are registered in a separate database for environmental impact reporting. This impact database is updated every month along with a verification process of outstanding green loans.

4 | Verification of data

The environmental impact of new projects undergoes quarterly verification by a climate adviser. The verification process consists of controlling that the data registered aligns with the information recommended by KBN's climate adviser as the project associated impact, based on submitted documentation.

Impact reporting

5 | Green project list

The green project list is a digital database of projects financed with green loans. The database shows outstanding loan amounts as well as avoided and reduced greenhouse gas emissions. The project list is updated each quarter after the verification process.

6 | Annual impact reporting

The environmental impact report presents projects currently financed and is published alongside the annual report. The process of project assessment, reporting and allocation of green bond proceeds undergoes an annual review by KBN's internal auditor. The auditor's attestation can be found on page 63.

Download Criteria Document at kbn.com

See all the green projects in Impact report 2023 (Excel) at kbn.com

Roles

KBN employs four climate and green finance advisers. The advisers can act both as climate advisers and climate controllers, but for each individual application process, the role of the adviser is clearly defined.

Key reporting principles

KBN's impact reporting is grounded in the Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting, which was updated in early 2024.

The position paper was collaboratively developed by a group of Nordic public sector issuers, including KBN, with the aim of providing practical guidance on impact reporting. Sharing experiences on this topic has proven beneficial for establishing common reporting principles, and a unified Nordic stance on the issues discussed is believed to be advantageous for other issuers as well. The position paper seeks to strike a balance between delivering impact reporting that is manageable yet as precise and quantifiable as possible.

The 2024 version marks the fourth edition of the position paper, and it will continue to evolve over time as reporting methodologies advance. One of the most significant changes compared to the previous edition is the revision of the suggested baseline emission factor for electricity. However, since 2022, KBN has opted to deviate from this baseline. As all the green projects financed by green loans are situated in Norway, we deem it appropriate to utilise the latest grid factor reflecting the energy mix for Norwegian electricity when calculating the environmental impact of reduced or avoided electricity consumption. The applied grid factor, presented by The Norwegian Water Resources and Energy Directorate (NVE), stands at 19g of CO_2e/kWh, and is applied to impact measurements of all projects in the portfolio.

In the following sections, we outline how we adhere to the recommendations outlined in the Nordic Position Paper.

The Nordic reporting recommendations in KBNs impact report

1 Reporting compliance with the position paper

KBN's impact reporting follows the recommendations laid out in the position paper. The following pages show how these recommendations are integrated and explain any deviations from them.

2 Report expected impact, aiming for actual impact

Our impact reporting is based on expected impact (ex-ante) conducted prior to project implementation. In the future we may report actual impact (ex-post). Calculation methods for the different project categories can be found on page 17.

3 Report based on annual impact

As recommended for issuers with portfolio approach, our impact reporting address the annual impact from reporting year, as opposed to lifetime impacts.

4 Provide annual reporting

Since 2016 we have provided an annual impact report, published at the same time as KBN's annual report - all publicly available on KBN's website. We report the status and impact of our green portfolio by the calendar year.

5 Provide quantitative and qualitative reporting

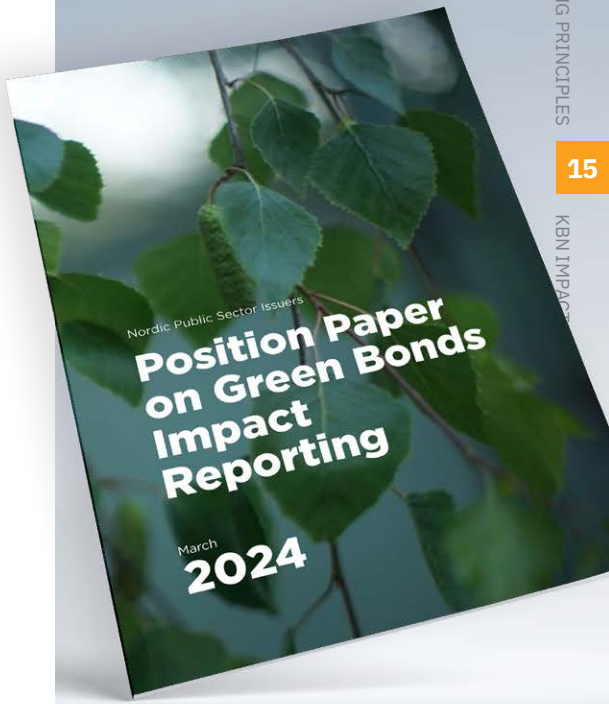
We have established quantitative indicators for each project category and provide this data for each project whenever feasible. Additionally, we offer a qualitative description of the impact for each project. While we strive to quantify the impacts of all projects, certain projects currently yield positive environmental outcomes but lack clear metrics or adequate reference points for comparison. Consequently, the total impact reported may underestimate the actual impact.

The quantitative and qualitative information for each new project in 2023 is presented in the list of projects provided on page 22 and is also available in a separately published spreadsheet.

6 Focus on environmental impact

Our reporting is focused on environ-

- **We comply** with the reporting recommendations
- **We partly comply** with the reporting recommendations
- **We do not comply** with the reporting recommendations



Nordic Public Sector Issuers Position Paper on Green Bond Impact Reporting.

mental impact and is limited to direct and indirect emissions and emission reductions under Scopes 1 and 2, following respective reporting principles. I.e. direct greenhouse gas emissions and indirect greenhouse gas emissions from the production of energy, as defined in the Greenhouse Gas Protocol.

7 Report project-by-project, where feasible

We report the impact of each financed project, and aggregate impacts to category level and portfolio level.

8 Report based on the share financed

All impacts attributes to KBN's share of the project financing. For instance, if KBN finances half of the project's investment cost with green bonds, we report half of the project's environmental impact.

9 Report impact by $ only when quantifiable and relevant

We refrain from reporting impact per invested monetary unit (e.g., X kg of CO_2 avoided annually per invested USD). This decision stems from the fact that not all project categories offer impacts that can be measured in CO_2. Consequently, certain aspects of the impact would remain unaccounted for. Furthermore, adopting such an approach could potentially foster a false perception of quantitative precision with regards to ex-ante impact calculations.

10 Report on bond-by-bond or portfolio approach to issuance and allocation

The issuance and allocation of green bond proceeds follow a portfolio approach. The report thus contains information on the impact of the aggregate portfolio of eligible assets as of year-end. A breakdown of impact attributable to each outstanding bond is provided in the Executive summary on page 4.

11 Provide both allocation and impact reporting

This report includes both allocation and impact reporting, and the allocation of proceeds has been verified by KBN's internal auditor.

12 Financing/refinancing

The amount of financing and refinancing is determined by two distinct definitions, which are further described in Refinancing and the age of projects on page 18.

13 Look-back period / Allocation period

KBN does not apply a look-back period in the current green bond framework. We generally seek to qualify eligible projects prior to our green bond issuances, so that investors are clearly informed about the use of proceeds.

14 Vintage reporting

The green portfolio comprises projects approved under various framework vintages. The impact report spreadsheet specifies, for each project, the latest criteria document it satisfies. Only new projects meeting the criteria of the most recent framework were included in the portfolio in 2023. KBN's current and past green bond frameworks are accessible on our website.

15 Provide breakdowns on asset type, geography and sector

The spreadsheet containing a list of the total portfolio serves as an overview of asset types. All assets are situated in Norway, and the project category indicates the sector.

16 Maximise transparency and useability

Impact reports and their accompanying spreadsheets are accessible on our website. To enhance accessibility for stakeholders, we also provide an executive summary with aggregate information at the beginning of the report.

17 Framework age limit

KBN's current green bond framework underwent a second-party opinion by CICERO Shades of Green in 2021. Since the SPO remains relevant for three years, a revised framework and accompanying SPO will be conducted in 2024.

18 Communication of sustainability strategy

KBN's sustainability strategy is briefly outlined on page 11 and further elaborated upon in our annual report within the Sustainability chapter.

19 Process for identification and management of ESG risks

We are currently developing a model to evaluate ESG risk in the municipal sector, which will be discussed more extensively with our customers in 2024. However, ESG risk in financed projects is not currently assessed. For additional information regarding ESG risk, please refer to page 45.

20 Climate-related risks

In addition to the information provided in point 19, KBN's climate risk tool undergoes regular development and is frequently utilised in discussions with our customers to assist them in managing their climate risk. This tool encompasses indicators for both physical and transition risk.

21 EU Taxonomy alignment approach

We have assessed the green portfolio against the EU taxonomy to determine the degree of alignment between our eligibility criteria and those outlined in the taxonomy. A summary of the mapping can be found on page 50, while a comprehensive assessment is available in spreadsheet format alongside the impact report.

22 SFDR communication

Currently, we do not provide complete information regarding all PAI indicators relevant for SFDR reporting. We plan to enhance our efforts in mapping our total financed emissions in 2024.

Calculation methods

Category	Direct quantifiable impact, annually (estimated)	GHG emissions reduced or avoided	Conversion factor		Baseline
Buildings	kWh avoided kWh produced	Avoided Reduced	1 kWh = 0.019 kg CO_2e[1]		Reference building constructed in accordance with the applicable building regulations (currently TEK17) Energy demand prior to renovation
Renewable energy	kWh produced	Avoided Reduced	1 kWh = 0.019 kg CO_2e[1]		Use of electricity from local grid
Transportation	CO_2e avoided Reduction in CO_2e	Avoided Reduced	**Electric or biogas vehicle**	Emissions new electric vehicle: 0.2 kWh/km[2] * 0.019 kg[1] CO_2/kWh = 0.0038 kg CO_2/km Emissions new biogas vehicle: 0 kg CO_2/km[3] Emissions alternative diesel vehicle: 0.126 kg CO_2/km[4]	Alternative conventional type of vehicle (e.g. new diesel car)
			Shore-side power or electric ferry	1 kWh = 0.019 kg CO_2e[1] 1 kWh = 0.25 kg marine diesel (MDO)[5] 1 kg marine diesel = 3.21 kg CO_2/kg diesel[6]	Use of marine diesel
			Electric construction machinery	Emissions new electric construction machinery: "X" kWh/hour * 0.019 kg CO_2e[1] /kWh = "Y" kg CO_2e/hour * "Z" hours/year = amount of kg CO_2e/year from new electric machinery Emissions existing diesel construction machinery: "X" liter/hour * 2.66 kg CO_2[7] /liter = "Y" kg CO_2/hour * "Z" hours/year = amount of kg CO_2/year from existing machinery	Existing diesel construction machinery
Waste and circular economy	Increase in capacity, tonnes kWh produced	Avoided Reduced	n/a	1 kWh = 0.019 kg CO_2e[1]	Situation before improvement Use of electricity from local grid
Water and wastewater management	Increase in capacity, population equivalents	n/a	n/a		Situation before improvement
Land use and area development projects	Area of the project	n/a	n/a		Situation before improvement
Climate change adaptation	n/a	n/a	n/a		Situation before improvement

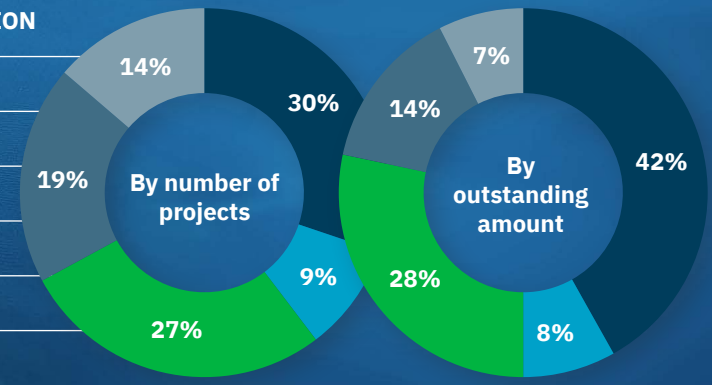
1) Average GHG emissions from usage of electricity in Norway in 2022 (NVE)
2) Average energy usage, electric vehicles 2016-2022 (The Norwegian Electric Vehicle Association)
3) KBN considers biogas as climate neutral as recommended by the Norwegian Environment Agency.
4) Average CO_2 emissions from new diesel cars in 2017 (Anskaffelser.no). Note that this is without methane (CH_4) and nitrous oxide (N_2O). The combustion emissions of methane and nitrous oxide are relatively low compared to the CO_2 emissions and give and add between 0,5-1,5 % to the CO_2 emissions when calculated in CO_2e.
5) Conversion rate of electric shore power distributed to amount of marine diesel avoided, recommended by Plug Port (A Norwegian company that offers shore power in partnership with the ports)
6) Emission factor recommended by Plug Port
7) Emission factor for diesel as provided by the Norwegian Environment Agency. Note that this is without methane (CH_4) and nitrous oxide (N_2O). The combustion emissions of methane and nitrous oxide are relatively low compared to the CO_2 emissions and add between 0,5-1,5 % to the CO_2 emissions when calculated in CO_2e.

Refinancing and the age of projects

There are various definitions of refinancing, and the table shows how the portfolio compares against some of these. The charts show the portfolio by the physical age of the projects.

KBN's green loans primarily aim to finance new green projects. Generally, green loans are not awarded to projects completed more than twelve months prior to the application date. However, upon maturity of existing green loans, they may be refinanced within the economic lifetime of the project. In such cases, projects undergo reassessment against the latest Criteria Document for green loans.

PROJECTS BY COMPLETION



Source	Definition	Share of KBN's green portfolio
EU Green Bond Standard	Share of financing (allocated amount to projects financed after bond issuance)	0%
	Share of refinancing (allocated amount to projects financed before bond issuance) [1]	100%
Nordic Position Paper	Share of total outstanding loans granted during the reporting year	14%
	Share of total outstanding loans granted prior to the reporting year	86%

1) As described in KBN 's Green Bond Framework, bonds are as a general rule issued after a certain amount of green loans has been accumulated and added to the portfolio. This ensures that that investors can be confident that the funds raised by green bonds are always disbursed to green projects.

Project categories

Overview of project categories eligible for KBN's green loan financing. For detailed criteria applicable to each category, please refer to KBN's Criteria Document for green loans.

Buildings

Climate-smart and/or energy efficient buildings.

Subcategories	1.1 Measures for existing building stock 1.2 New buildings 1.3 Other
SDGs	7.3 and 12.2
The EU Environmental Objectives	1, 2, 4 and 6

Renewable energy

Facilitating the use of renewable energy sources.

Subcategories	2.1 Renewable energy production 2.2 Energy storage 2.3 Energy infrastructure 2.4 Other
SDGs	7.2
The EU Environmental Objectives	1, 2, 5 and 6

Transportation

Transportation solutions which generate minimal or zero emissions.

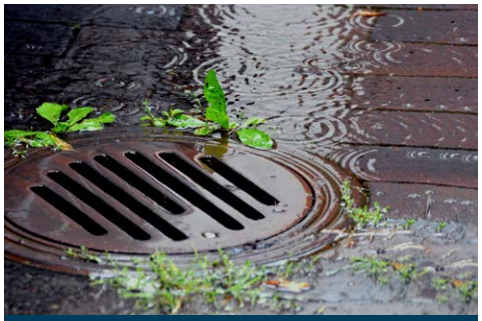
Subcategories	3.1 Cycling and walking 3.2 Land transport 3.3 Maritime transport 3.4 Heavy machinery 3.5 Infrastructure 3.6 Other
SDGs	9.1, 9.4, 11.2 og 11.6
The EU Environmental Objectives	1,2 and 5

Waste and circular economy

Measures that contribute to waste reduction, reuse, recycling or more efficient energy consumption.

Subcategories	4.1 Waste prevention or reuse 4.2 Waste collection, processing and treatment 4.3 Other
SDGs	11.6, 12.4 and 12.5
The EU Environmental Objectives	1, 2, 4 and 5

UN Sustainable Development Goals



Water and wastewater management

Investments intended to reduce energy consumption or leakage, or as a response to a climate change adaptation requirement.

Subcategories	5.1 Surface runoff management financed by wastewater charges 5.2 Small scale energy production measures 5.3 Climate-friendly facilities 5.4 Climate-friendly construction projects 5.5 Other
SDGs	6.1, 6.3, 6.4 and 14.1
The EU Environmental Objectives	1, 2, 3 and 4

Land use and area development projects

Projects that emphasise nature, the environment and the climate, as well as antipollution measures.

Subcategories	6.1 Anti-pollution measures 6.2 Area development and land usage 6.3 Other
SDGs	11.3, 11.7, 14.2 and 15.1
The EU Environmental Objectives	1, 2, 5 and 6

Climate change adaptation

Contributing measures that help local communities to withstand current climate changes or reduce future physical climate risk.

Subcategories	7.1 Surface runoff management 7.2 Preventative climate change adaptation 7.3 Emergency preparedness 7.4 Other
SDGs	11.5 and 13.1
The EU Environmental Objectives	2 and 3

The EU Environmental Objectives

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Key impact data

The impact reported on this page is the annual effect from all the projects in the green portfolio - both new and existing.

On the following pages, only new projects with first disbursement made in 2023 are listed. Hence, the environmental impact from the new projects represents only a portion of the totals presented in this table.

You can find a complete overview of all projects and their associated environmental impact in the spreadsheet accompanying this report or on KBN's website.

Get a complete overview of the green projects in Impact report 2023 (Excel) or Green project list at kbn.com.

Project categories	New green projects in 2023	Green loan outstanding (1000 NOK)	Production of renewable energy (kWh annually)	Reduced and avoided GHG (tonnes CO_2e annually)	Category specific impact	
Buildings	38	37 415 841	12 865 922	1 131	Estimated energy savings (kWh annually):	46 684 061
Renewable energy	3	849 408	94 846 614	1 212	Installed effect (kW):	3 549
Transportation	13	5 256 989		11 606	▪ Number of zero-emission cars: ▪ Other zero emission vehicles (trams, ferries, heavy machinery):	201 72
Waste and circular economy	3	1 656 229	135 972	84	Increased capacity (tonnes):	139 877
Water and wastewater management	9	6 914 872		n/a	Increased capacity (population equivalents):	617 296
Land use and area development projects	1	375 355		n/a	Included area (m^2):	249 541
Climate change adaptation	1	294 001		n/a	-	
Total	**68**	**52 762 694**	**107 848 509**	**14 034**		

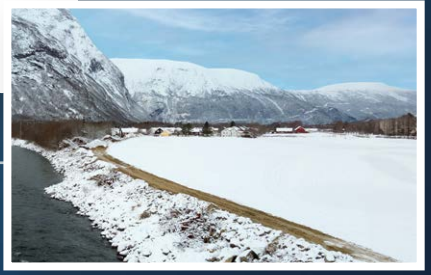
DISCLAIMER

The information presented in this report has been obtained from KBN's customers. While KBN has reviewed the data, it has not undergone verification by us or a third party. The calculations of environmental impact have been conducted by KBN.

We strive to ensure the accuracy of the information in this report. However, we advise investors and other stakeholders to exercise caution when interpreting this report, as there is significant uncertainty associated with calculations of this nature.

New green projects 2023

KBN finances projects in municipalities and counties throughout Norway. The following pages offer a complete overview of this year's projects, along with selected project examples.



Flood protection prevents damage from extreme weather.

New recycling station utilising recycled materials and adapting to climate change.

Innovative hydrogen production from biogas aimed at capturing CO_2.

Biodegradable field fill reduces local pollution.

Electric terminal tractor reduces noise and emissions from port operations.

New low-energy school building with solar panels covering half of its electricity consumption.

New energy-positive waste-water treatment plant improves the water quality in the Oslo Fjord.

NEW PROJECTS IN 2023

Buildings

NEW GREEN PROJECTS IN 2023: **38**

TOTAL NUMBER OF GREEN PROJECTS: **224**

See all the green projects in Impact Data 2023 (Excel) at kbn.com.

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Heated area (m^2)	Estimated impact (KBN share)		
										Energy produced (kWh annually)	Energy reduced or avoided (kWh annually)	Corresponds to reduced or avoided GHG (tonnes CO_2e annually)
Klepp municipality	Sporafjell nursery	Sporafjell nursery will have 8 sections for 150 children. The building will have low energy demand, and produce energy from geothermal heating and a solar panel system. The building site will be fossil-free.	2022-2023	1.2.1 New low-energy buildings	93 000	91 450	117 300	78%	1 988	24 319	101 828	2.4
Klepp municipality	Kleppelunden elementary school	Kleppelunden elementary school is built for 350 pupils and will have low energy demand. The building is connected to district heating, and will produce solar energy.	2021-2024	1.2.1 New low-energy buildings	142 391	140 018	330 000	42%	5 690	114 136	105 985	4.2
Bjørnafjorden municipality	Borgafjellet elementary school	The new Borgafjellet elementary school will be built with extensive use of mass timber, geothermal wells, solar panels on the roof and hybrid ventilation.	2020-2022	1.2.2 New buildings with climate-friendly materials	152 000	142 880	290 000	49%	6 636	42 983	59 505	1.9
Luster municipality	Increasing energy efficiency in municipal buildings	Luster municipality will replace windows and ventilation systems in several of the municipality's buildings, which will contribute to lower energy consumption.	2022-2022	1.1.1 Individual energy efficiency measures	1 611	1 557	1 611	97%		-	-	-
Luster municipality	Gaupne nursery	Gaupne nursery will be expanded with a new department, changing rooms, wc/dressing room, play area, meeting room, special education rooms and workplaces for adults, including students. The building will have low energy consumption and wooden materials, and the nursery collaborates with a nearby recycling facility for reuse of materials.	2022-2023	1.2.1 New low-energy buildings	18 600	18 267	18 600	98%	240	-	6 552	0.1
Luster municipality	Increasing energy efficiency in Jostedal community centre	Jostedal community center in Luster consists of a swimming pool, sports hall with changing rooms, kitchen and dining room as well as meeting rooms. Energy efficiency measures will be implemented in the building. Transition to water-borne heating, ventilation measures and replacement of windows will contribute to lower energy consumption.	2022-2023	1.1.1 Individual energy efficiency measures	1 337	1 293	1 337	97%	1 035	-	-	-

Buildings continued

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Heated area (m^2)	Estimated impact (KBN share)		
										Energy produced (kWh annually)	Energy reduced or avoided (kWh annually)	Corresponds to reduced or avoided GHG (tonnes CO_2e annually)
GIVAS IKS	Energy efficiency measures in buildings	Measures to increase energy efficiency, including installment of a central operational control system, insulation of walls and heat recovery in the ventilation system. Heat pump and solar panels are installed for local energy production.	2022-2024	1.1.1 Individual energy efficiency measures and 1.1.5 Renewable energy in buildings	4 707	4 613	10 060	46%		87 769	334 752	8.0
Bergen municipality	Bergen inclusion center	Bergen municipality is renovating an old college building into a new inclusion center with interpretation services and adult training, as well as facilitation for culture and sports. In the rebuilding phase, there has been a focus on reuse of materials, and bricks and furniture is given new life in several of the municipality's buildings. In addition, Bergen inclusion center is registered as pilot project for Building Dignity, an international program that spotlights human rights and dignity in the built environment.	2020-2024	1.1.2 a) Major renovation projects: Energy efficiency and b) Climate-friendly materials	400 000	400 000	927 600	43%	14 371	-	570 130	10.8
Bergen municipality	Tveiteråas school	Tveiteråas school provides education at the primary and secondary level. The school is built with low energy demand, and solar panels are installed on the roof. The building is heated using a heat pump.	2020-2023	1.2.1 New low-energy buildings	160 000	160 000	270 300	59%	3 285	81 687	74 669	3.0
Sel municipality	Increasing energy efficiency in Otta nursery	Sel municipality will convert a former school building into a nursery. As part of the project, energy efficiency measures are carried out to reduce energy demand, such as re-insulating the roof and walls, and replacing windows.	2023-2023	1.1.1 Individual energy efficiency measures	42 300	42 300	45 000	94%	1 500	-	-	-
Værøy municipality	Renovation of Værøy school	Renovation of Værøy school, which will result in a 75% reduction in energy consumption due to increased isolation and replacement of windows.	2021-2024	1.1.2 a) Major renovation projects: Energy efficiency	65 000	65 000	81 250	80%	2 500	-	804 000	15.3
Oslo municipality	Tåsenhjemmet nursing home	The new Tåsenhjemmet will accommodate 130 nursing home beds and associated service functions. The building will be constructed with extensive use of mass timber, will have low energy demand, and solar panels on the roof. Tåsenhjemmet is a FutureBuilt project and will be built as an nZEB (Nearly Zero Energy Building) and BREEAM certified with an "Excellent" rating.	2022-2024	1.2.1 New low-energy buildings and 1.2.2 New buildings with climate friendly materials	412 000	412 000	837 000	49%	11 392	70 882	372 340	8.4

Buildings continued

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Heated area (m^2)	Estimated impact (KBN share)		
										Energy produced (kWh annually)	Energy reduced or avoided (kWh annually)	Corresponds to reduced or avoided GHG (tonnes CO_2e annually)
Oslo municipality	Furuset Hageby nursing home	Furuset Hageby is a new specialised nursing home in Oslo with 112 residential units. It is designed to achieve a 53% reduction in greenhouse gas emissions compared to a reference building, based on material choices, energy usage, and transportation during operation. The building is planned to be constructed as a Nearly Zero Energy Building (nZEB) and BREEAM certified. The construction site will be fossil-free.	2021-2023	1.2.1 New low-energy buildings	435 100	435 100	825 000	53%	12 529	81 219	350 209	8.2
Oslo municipality	Majorstuhjemmet nursing home	The new Majorstuhjemmet will have a very low energy demand and will generate a portion of its own electricity consumption through solar panels on the roof.	2021-2024	1.2.1 New low-energy buildings	568 040	568 040	1 030 000	55%	13 377	33 090	464 773	9.5
Agder county authority and Kristiansand municipality	Søgne school and sports centre	Søgne school and sports center in Kristiansand is a new building that houses a combined junior high school, high school, and cultural school, along with an associated sports hall. There is a strong emphasis on low energy consumption and self-sufficiency in energy through solar panels on the roof and energy wells. The center is a collaborative project between Agder County Council and Kristiansand Municipality.	2020-2023	1.2.1 New low-energy buildings and 1.2.2 New buildings with climate friendly materials	706 123	706 123	932 531	76%	18 917	638 329	521 400	22.0
Nord-Aurdal municipality	Renovation of Trykkeriet cultural arena	Nord-Aurdal municipality is renovating a former printing press hall into a concert hall and practice rooms for the cultural school. The exterior undergoes minimal changes, but internally, the construction includes seven practice rooms and a hall, and due to stringent soundproofing requirements, the building also reduces its energy consumption by almost half compared to before the renovation.	2022-2023	1.1.2 a) Major renovation projects: Energy efficiency	50 000	50 000	187 500	27%	675	-	34 740	0.7
Andøy municipality	Andenes care center	Andøy municipality is planning to build new assisted living facilities, consisting of one building with 48 apartments, administration, kitchen, and common areas. The residence is intended to achieve passive house standards and have low energy demand.	2024-2026	1.2.1 New low-energy buildings	43 094	43 094	321 536	13%	5 381	-	30 795	0.6

Buildings continued

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Heated area (m^2)	Estimated impact (KBN share)		
										Energy produced (kWh annually)	Energy reduced or avoided (kWh annually)	Corresponds to reduced or avoided GHG (tonnes CO_2e annually)
Andøy municipality	Energy efficiency measures in Andoy town hall	The town hall in Andøy municipality is undergoing renovations, which include the addition of more office spaces. This necessitates upgrades to the ventilation system, building management system, and the provision for connection to the heating system. The upgrades are anticipated to yield substantial energy savings for the building's operations.	2023-2024	1.1.1 Individual energy efficiency measures	6 000	6 000	14 000	43%	2 815	-	-	-
Innlandet county authority	Alvdal dental clinic	The new dental clinic in Alvdal will be constructed using mass timbrer, and equipped with solar panels for local energy production. The building will be connected to district heating.	2023-2024	1.2.2 New buildings with climate-friendly materials and 1.2.4 Buildings with locally produced energy	20 000	19 360	30 000	65%	319	16 134	1 441	0.3
Våler municipality (Viken)	Kirkebygden elementary school	Våler municipality is expanding Kirkebygden elementary school with additional wings and a volleyball hall. The new constructions will be predominantly made of environmentally certified mass timber and glued laminated timber, along with low-carbon concrete, significantly reducing CO2 emissions from materials compared to the reference building.	2023-2025	1.2.2 New buildings with climate-friendly materials	25 000	25 000	186 211	13%	2 695	20 390	2 931	0.4
Våler municipality (Viken)	Våler lower secondary school	Våler municipality is set to construct the new Våler lower secondary school, including a library and a swimming pool. The buildings will be constructed with a significant proportion of environmentally certified mass timber and glued laminated timber, incorporating low-carbon concrete. The project places emphasis on reuse and material recycling, resulting in a substantial reduction in CO2 emissions compared to reference buildings.	2023-2025	1.2.2 New buildings with climate-friendly materials	25 000	25 000	538 789	5%	9 288	6 837	5 258	0.2
Trondheim municipality	Dragvoll health and welfare center	Dragvoll 2 Health and Welfare Center will be built in connection with the existing center, Dragvoll 1, with a strong emphasis on climate and the environment. The building will feature low energy consumption, solar power production on roofs and facades, and structural elements made of mass timber.	2023-2025	1.2.1 New low-energy buildings	158 300	158 300	650 000	24%	8 949	18 880	154 739	3.3
Trondheim municipality	Bromstadekra shared housing	Trondheim municipality is set to construct a housing community comprising 7 units with ambitious energy goals. The building will meet the NS standard for passive houses, and the energy requirements will be significantly lower than the regulations outlined in TEK17.	2023-2025	1.2.1 New low-energy buildings	20 000	20 000	73 000	27%	969	-	14 469	0.3

Buildings continued

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Heated area (m^2)	Estimated impact (KBN share)		
										Energy produced (kWh annually)	Energy reduced or avoided (kWh annually)	Corresponds to reduced or avoided GHG (tonnes CO_2e annually)
Trondheim municipality	Granåsen football hall	Trondheim municipality is set to construct the new Granåsen football hall. The building will have low energy demand, utilise low-carbon concrete, and maintain an emission-free construction site.	2023-2024	1.3 Other	110 800	110 800	300 000	37%	10 151	-	118 097	2.2
Vestland county authority	Vestlandshuset county hall	Vestland county municipality is constructing the new Vestlandshuset county hall in Bergen. The building is a multipurpose facility designed for low energy consumption, aiming for BREEAM-NOR Excellent certification, and featuring energy production from rooftop solar cells.	2020-2023	1.2.1 New low-energy buildings	480 000	480 000	1 100 000	44%	24 863	43 704	264 723	5.9
Tvedestrand municipality	Tvedestrand elementary school	Tvedestrand municipality is in the process of building the new Tvedestrand elementary school, which replaces four schools. The structure is designed to have low energy demand and will comply with passive house standards.	2021-2023	1.2.1 New low-energy buildings	40 000	40 000	264 400	15%	6 255	-	33 120	0.6
Kristiansand municipality	Wilds Minne school	The new Wilds Minne Elementary School and multi-purpose hall are being constructed with a consistent focus on climate and environmental considerations. The buildings will have significantly low energy requirements that meet passive house standards, be self-sufficient in electricity through rooftop solar cells, and utilise eco-friendly materials with provisions for reuse. Additionally, efforts are made to ensure a fossil-free construction site.	2022-2024	1.2.1 New low-energy buildings and 1.2.4 Buildings with locally produced energy	425 874	425 874	631 800	67%	9 223	162 362	272 922	8.3
Kristiansand municipality	Expansion of Vågsbygd school	The new Vågsbygd School is set to undergo renovation and expansion with an additional building. The extension is being constructed as a positive energy house, expected to be more than self-sufficient in renewable energy. Additionally, the project includes requirements such as a fossil-free construction site, a minimum of 90% waste sorting, and a carbon footprint assessment.	2023-2024	1.2.1 New low-energy buildings and 1.2.4 Buildings with locally produced energy	161 003	161 003	208 279	77%	3 488	103 971	76 844	3.4
Nordre Follo municipality	Sofiemyr school	The new Sofiemyr school wil be constructed with low energy demand, utilising climate friendly materials in the primary structures and incorporating the reuse of brick on the façade. The project aims to achieve BREEAM Excellent certification and will feature both a heat pump and solar panels.	2022-2025	1.2.1 New low-energy buildings and 1.2.2 New buildings with climate friendly materials	160 500	160 500	679 000	24%	7 770	21 038	63 732	1.6

Buildings continued

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Heated area (m^2)	Estimated impact (KBN share)		
										Energy produced (kWh annually)	Energy reduced or avoided (kWh annually)	Corresponds to reduced or avoided GHG (tonnes CO_2e annually)
Nordre Follo municipality	Magasinparken lower secondary school	Magasinparken Secondary School in Ski will be an 8-parallel school accommodating approximately 720 students. The school is designed as a FutureBuilt exemplary project, incorporating BREEAM NOR certification, nearly zero energy building (nZEB) standards, and a fossil-free construction site. Additionally, the project meets various qualitative requirements from FutureBuilt related to stormwater management, biodiversity, architecture, reuse, and social sustainability.	2022-2025	1.2.1 New low-energy buildings and 1.2.4 Buildings with locally produced energy	165 300	165 300	622 300	27%	7 453	35 900	84 336	2.3
Nordre Follo municipality	Magasinparken nursery	Magasinparken nursery is designed for 114 children. The building will undergo BREEAM-NOR Very Good certification, and the plans include geothermal heating with a heat pump, a load-bearing structure made of cross-laminated timber, and a fossil-free construction site. Additionally, there are plans for the reuse of existing buildings integrated as part of the new kindergarten.	2024-2025	1.2.1 New low-energy buildings	10 100	10 100	143 000	7%	1 642	-	3 781	0.1
Oslo municipality	Bentsebrua school	The school building will have low energy demand, achieve environmental certifications such as BREEAM-NOR and nZEB, and meet various other environmental and climate standards during the construction phase. Solar panels will be installed on the roof, with an estimated annual energy production of 130,000 kWh.	2021-2024	1.2.1 New low-energy buildings	286 313	286 313	752 600	38%	9 320	49 456	104 241	2.9
Oslo municipality	Hartvig Nissen school	The rehabilitation and expansion of Hartvig Nissen secondary school involves achieving over 30% lower energy demand in one of the existing buildings, while both new buildings extensively utilise low-carbon concrete.	2021-2025	1.1.3 Renovation of existing building stock combined with a new extension building	575 000	575 000	1 000 000	58%	6 652	-	169 261	3.2
Luster municipality	Renovation of Hafslo nursery	Renovation of a former school into a nursery includes the installation of a heat pump and energy wells, covering a significant portion of the energy supply. The building's energy requirements are reduced by over 30%.	2024-2025	1.1.2 a) Major renovation projects: Energy efficiency	7 000	7 000	93 000	8%	1 412	10 763	6 300	0.3
Midtre Romerike avløpsselskap - MIRA IKS	Solar panels at Tangen wastewater treatment facility	MIRA IKS will install solar panels on the roof of Tangen wastewater treatment facility to make us of solar power as a source of energy at the facility.	2023-2024	1.1.5 Renewable energy in buildings	3 000	3 000	13 750	22%		31 579	-	0.6

Buildings continued

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Heated area (m^2)	Estimated impact (KBN share)		
										Energy produced (kWh annually)	Energy reduced or avoided (kWh annually)	Corresponds to reduced or avoided GHG (tonnes CO_2e annually)
Karasjok municipality	New school and health care centre	Karasjok municipality is constructing a new school and health centre. The building is made of climate friendly materials, predominantly using wood, and features a green roof to blend into the surrounding nature. The mass timber in the main structure will also be incorporated into the interior.	2023-2025	1.2.2 New buildings with climate-friendly materials	34 000	34 000	716 250	5%	12 316	-	5 379	0.1
Hol municipality	Renovation of Hol church	Rehabilitation of Hol Church, with a focus on energy-efficient measures. The energy consumption is estimated to be reduced by over 30% after the implementation of these measures.	2023-2024	1.1.1 Individual energy efficiency measures	6 800	6 800	16 250	42%	400	-	13 035	0.2
Tysvær municipality	Frakkagjerd lower secondary school	The new Frakkagjerd school is set to be certified as BREEAM-NOR Very Good and will exhibit energy performance equivalent to a nearly zero-energy building (nZEB) according to FutureBuilt's definition. Energy will be generated through solar panels, and a battery system will ensure optimal utilisation of the electricity.	2023-2025	1.2.1 New low-energy buildings	83 000	83 000	490 000	17%	7 030	24 734	47 036	1.4

Photo: HOLON arkitektur

CASE

BUILDINGS

Promoting energy efficiency and local energy production in new school building

The new Frakkagjerd secondary school in Tysvær will consist of three floors and include special rooms such as music rooms, practice rooms, activity halls, libraries, classrooms, and group rooms. The school will be certified as BREEAM Very Good and its energy performance will correspond to nearly zero-energy buildings (nZEB) according to FutureBuilt's definition. Energy estimates have been assessed against the requirements of the EU taxonomy.

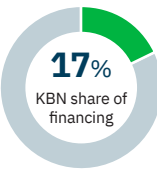
Solar panels will be installed on the school, complemented by a battery system to maximise the utilisation of self-produced electricity. Expected energy production from the solar panels is estimated at 146 021 kWh/year, covering approximately 50% of the expected electricity consumption.

Project period: 2023-2025

Tysvær municipality

Total cost:
490 000
(1000 NOK)

Green loan outstanding:
83 000
(1000 NOK)



NEW PROJECTS IN 2023

Renewable energy

NEW GREEN PROJECTS IN 2023: **3**

TOTAL NUMBER OF GREEN PROJECTS: **15**

See all the green projects in Impact Data 2023 (Excel) at kbn.com.

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Estimated impact (KBN share)		
									Installed capacity (kW)	Excpected energy production (kWh/ annually)	Corresponds to avoided GHG (tonnes CO_2e annually)
Idrettslaget Apollo	Solar power system	Apollo sports club will install solar panels on the roof of the sports facility, which will produce the majority of the electricity used in the facility.	2023-2027	2.1.1 c) Renewable energy production: Solar panels or solar thermal collectors and 2.2.1 Energy storage in connection with energy production facilities	442	442	552	80%	-	12 624	0.2
Nedre Romerike vann- og avløpsselskap IKS	Hydrogen facility with carbon capture	New biogas plant for sewage sludge aiming to produce hydrogen fuel. In addition, carbon is removed by capturing CO2 which can either be used to replace CO2 produced by fossil sources or stored. This will be characterised as "Red Hydrogen": hydrogen production with a negative CO2 emissions. This is a new technology that is under development and has not been tested before.	2022-2025	2.4 Other	200 000	180 000	1 512 500	12%	-	-	-
Grønt Hjerte AS	New energy facilities at three schools	Three new energy facilities at three different high schools in Trøndelag: Charlottenlund, Skjetlein, and Tiller. Solar panels have been installed at the three schools, as well as a battery pack consisting of used car batteries for energy storage at Tiller school.	2023-2023	2.1.1 c) Renewable energy production: Solar panels or solar thermal collectors	9 000	9 000	14 723	61%	-	527 901	10.0

Photo: Nedre Romerike vann- og avløpsselskap IKS

CASE

RENEWABLE ENERGY

Innovative hydrogen production from biogas

A new biogas plant for sewage sludge aims to produce hydrogen for fuel-quality purposes. Additionally, carbon is removed from the cycle by capturing CO_2. This represents a pioneering technology under development, previously untested.

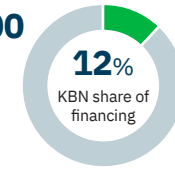
This approach to hydrogen production is relatively unfamiliar in the market, with no known instances of implementation elsewhere in the world thus far. This variant of hydrogen is identified as 'red hydrogen', meaning hydrogen production with a negative CO_2 footprint.

Project period: 2022-2025

Nedre Romerike vann- og avløpsselskap IKS

Total cost:
1 512 500
(1000 NOK)

Green loan outstanding:
200 000
(1000 NOK)



NEW PROJECTS IN 2023

Transportation

NEW GREEN PROJECTS IN 2023: **13**

TOTAL NUMBER OF GREEN PROJECTS: **73**

See all the green projects in Impact Data 2023 (Excel) at kbn.com.

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Estimated impact (KBN share)
									Corresponds to avoided GHG (tonnes CO_2e annually)
Luster municipality	Procurement of electric cars	Luster municipality is renewing its car fleet with zero emission vehicles	2022-2026	3.2.1 Light or heavy vehicles (project qualified in 2022 under 2021 criteria document)	1 109	1 072	1 109	97%	2.8
Møre og Romsdal county authority	Indre Sunnmørspakken: Charging infrastructure for electric ferries	Møre og Romsdal county authority will electrify ferry connections Stranda-Liabygda and Eidsdal-Linge. Upgrades will be made to network and docks, battery and charging technology, so that the ferry docks are adapted for charging from the shore.	2022-2024	3.5.5 Shore-side power connections and charging points	65 500	64 408	189 700	34%	1 087.9
Møre og Romsdal county authority	Pedestrian and cycling paths on the Nerlandsøy bridge	The Nerlandsøy Bridge, which was built in the 60s, is in bad shape and has problems with corrosion. The bridge will be replaced,and walking and cycling paths will be established as part of the project.	2023-2025	3.1.2 Facilitating walking or cycling	24 000	23 600	84 000	28%	-
Møre og Romsdal county authority	Pedestrian and cycling paths Vindøla-Røv	The county authority will build a total of 1,560 meters of new pedestrian and cycle path along county road 65 from Vindøla to Røv.	2022-2023	3.1.2 Facilitating walking or cycling	38 600	37 957	47 500	80%	-
Møre og Romsdal county authority	Pedestrian and cycling paths Sykkylven	Establishment of footpaths with pedestrian crossings, which will provide safer traffic for light road users on the county road.	2022-2023	3.1.2 Facilitating walking or cycling	18 400	18 093	25 000	72%	-
Stavangerregionen Havn IKS	Shore-side power supply Risavika	Installation of shore power on quays 23 and 24 in Risavika. The project has also received a grant from Enova.	2023-2023	3.5.5 Shore-side power connections and charging points	14 421	14 061	18 026	78%	1 348.5
Stavangerregionen Havn IKS	Infrastructure and charging facilities for rapid charging	Stavangerregionen Havn is developing new charging facilities for rapid charging of speedboats in collaboration with Lyse and Kolumbus. The charging facility is planned to serve more ferries in the coming years.	2022-2024	3.5.5 Shore-side power connections and charging points	20 000	19 500	104 313	19%	589.8
Borg Havn IKS	Charging station for electric vehicles on the port	Borg Havn IKS is installing new fast chargers at the Øra Terminal to supply electric vehicles used at the port.	2023-2023	3.5.1 Charging points for vehicles	1 320	1 303	1 320	99%	-
Borg Havn IKS	Electric terminal tractor	Borg Havn IKS is investing in a fully electric terminal tractor for use in transportation at the port. The tractor will reduce both emissions and noise from port operations.	2023-2023	3.2.1 Heavy vehicles	3 090	3 052	3 090	99%	26.0

Transportation continued

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Estimated impact (KBN share)
									Corresponds to avoided GHG (tonnes CO_2e annually)
Borg Havn IKS	Electric crane	Borg Havn IKS is investing in a fully electric crane to replace a hybrid crane (diesel-electric). The new crane will not idle like the old crane, thereby reducing overall energy consumption, in addition to decreasing greenhouse gas emissions and noise from the port.	2023-2023	3.4.1 Heavy machinery	58 714	57 980	58 714	99%	179.4
Luster municipality	Hiking trails	Establishment of a new 6 km hiking trail to make nature more accessible and facilitate access to the shoreline.	2023-2024	3.1.2 Facilitating walking or cycling	400	400	2 000	20%	-
Luster municipality	Pedestrian infrastructure	Luster municipality is set to construct a new sidewalk on Engjadalsvegen and rehabilitate the sidewalks on Øyagata, including the installation of new streetlights.	2023-2024	3.1.2 Facilitating walking or cycling	3 500	3 500	6 500	54%	-
Sunndal municipality	Electric street sweeper	Sunndal municipality is replacing a diesel-powered street sweeper with an electric one. The municipality has received support from Klimasats for this investment and anticipates saving approximately 10,000 liters of diesel annually.	2023-2023	3.4.1 Heavy machinery	3 800	3 800	5 751	66%	17.9

Photo: Borg Havn IKS

CASE

TRANSPORTATION

Electric port transportation reduces emissions

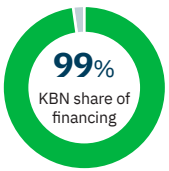
Borg Havn IKS is investing in a new terminal tractor, which is a towing vehicle for transportation within the port. The terminal tractor is electric, with an annual usage time of approximately 2000 hours. This initiative will reduce both emissions and noise from port operations. Additionally, a charging point for the tractor is established.

Project period: 2023

Borg Havn IKS

Total cost:
3 090
(1000 NOK)

Green loan outstanding:
3 052
(1000 NOK)



NEW PROJECTS IN 2023

Waste and circular economy

NEW GREEN PROJECTS IN 2023: **3**

TOTAL NUMBER OF GREEN PROJECTS: **48**

See all the green projects in Impact Data 2023 (Excel) at kbn.com.

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Estimated impact (KBN share)	
									Total capacity (tonnes)	Increased capacity (tonnes)
Luster municipality	New recycling facility	New recycling facility in Gaupne at Røneidsgrandane. The facility is built using recycled materials and low-carbon concrete.	2021-2023	4.2.3 New waste sorting facility (project qualified in 2022 under 2021 criteria document)	4 500	4 483	4 500	100%	-	-
Renovasjonsselskapet for Drammensregionen IKS	Enger recycling facility	Remodeling and expansion of the Enger recycling station, focusing on reuse of materials, installation of renewable energy, and increased collection of gas from the waste landfill, which will contribyte to the reduction of greenhouse gas emissions. The project has received funding from Klimasats.	2019-2023	4.2.3 d) Measures at existing facilities: Reduces emissions	40 000	40 000	63 750	63%	-	-
Renovest IKS	Recycling station for recreational residences	Renovest IKS is establishing new and fewer return points for recreational residences with sorting of multiple fractions, and with designs that incentivise higher material recycling rates and reduce littering and dumping of waste around collection points.	2020-2024	4.2.1 Measures to increase the waste sorting rate	10 000	10 000	48 875	20%	-	-

Photo: Valdres Takst

CASE

WASTE AND CIRCULAR ECONOMY

New recycling station adapting to climate change

Luster municipality is implementing climate adaptation measures at a new recycling station in two ways: by raising the terrain to protect against damage from floods or sea level rise, and by establishing a system for handling stormwater.

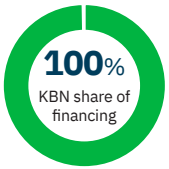
The new recycling station to be built in the area will utilise recycled materials in the building structure, such as used tires and windows, as well as low-carbon concrete. It will facilitate better handling and storage of waste by placing containers under a shelter, thereby preventing degradation of waste quality due to precipitation.

Project period: 2021-2023

Luster municipality

Total cost:
4 500
(1000 NOK)

Green loan outstanding:
4 483
(1000 NOK)



NEW PROJECTS IN 2023

Water and wastewater management

NEW GREEN PROJECTS IN 2023: **9**

TOTAL NUMBER OF GREEN PROJECTS: **87**

See all the green projects in Impact Data 2023 (Excel) at kbn.com.

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Estimated impact (KBN share)
									Estimated increase in capacity (PE)
Nordre Follo Renseanlegg IKS	New nitrogen removal plant for wastewater	The new nitrogen treatment plant will contribute to reducing emissions of nitrogen to the Oslo Fjord. Measures have also been implemented to increase energy production in the wastewater treatment plant, which provides energy for electricity, hot water and heating.	2023-2026	5.3.6 c) New facilities for wastewater: Reduces chemicals or adverse environmental impact	31 000	30 613	375 000	8 %	-
GIVAS IKS	New wastewater treatment plant Magnor	New treatment facility for wastewater at Magnor. The new facility replaces three smaller existing facilities, and will reduce emissions to the recipient water body.	2022-2024	5.3.6 c) New facilities for wastewater: Reduces chemicals or adverse environmental impact	52 800	51 744	150 000	34%	-
GIVAS IKS	Separating wastewater and surface runoff in Digerudlia	Separating wastewater from surface runoff will reduce pressure on the wastewater treatment facility, which reduces energy and the use of chemicals at the facility.	2020-2024	5.1.1 Separating wastewater and surface runoff	2 493	2 443	21 900	11%	-
IVAR IKS	New main water pipeline	New main water pipeline in which parts of the construction is carried out using no-dig methods. A turbine will be installed to recover energy in the water supply network. Expected energy production from the turbine is estimated to 1,3 GWh/year (assuming 100% uptime throughout the year).	2021-2024	5.4.2 No-dig projects	108 250	108 250	108 250	100%	-
Færder municipality	Separating wastewater and surface runoff	Separating wastewater from surface runoff in Faerder municipality.	2020-2023	5.1.1 Separating wastewater and surface runoff	221 000	150 544	311 260	48%	-
Fredrikstad Vann, Avløp og Renovasjon (FREVAR)	Fredrikstad wastewater treatment facility (FARA)	FREVAR KF is building a new wastewater treatment plant (FARA) in response to requirements for improved water purification. The new wastewater treatment plant will be designed to meet future purification standards and has an ambitious and comprehensive sustainability strategy that aligns with the goals and actions of all 17 of the United Nations' sustainable development goals. FARA will be constructed with the smallest possible environmental and climate footprint and will be tailored to the surrounding landscape.	2023-2026	5.3.6 c) New facilities for wastewater: Reduces chemicals or adverse environmental impact	448 100	440 632	2 015 000	22%	-
Midtre Romerike avløpsselskap - MIRA IKS	Sludge silo	MIRA IKS is set to install a new sludge silo and processing equipment with innovative technology aimed at reducing chemical usage. Additionally, the increased storage capacity will cut transportation needs by approximately 50%.	2023-2024	5.3.6 c) New facilities for wastewater: Reduces chemicals or adverse environmental impact	12 000	12 000	25 000	48%	-

Water and wastewater management continued

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Estimated impact (KBN share)
									Estimated increase in capacity (PE)
Luster municipality	New pipe network Indre Hafslo	Replacement of water pipelines at two locations to mitigate significant water leaks from the utility network. The project will also enhance fire safety, as the replacement increases the capacity of the utility network to deliver firefighting water.	2023-2024	5.3.1 c) Measures at existing water facilities:Reduces chemicals or leakages	1 000	1 000	3 100	32%	-
Nesodden municipality	Wastewater network Bomansvik	The new facility is a measure against pollution, as it replaces private facilities that contribute to negative impacts on the local environment and the water environment in Bunnefjorden.	2022-2023	5.3.5 c) New facilities for water: Reduces chemicals or adverse environmental impact	1 393	1 393	25 000	6%	-

Illustration: FREVAR KF

CASE

WATER AND WASTEWATER MANAGEMENT

New wastewater treatment plant improves the water quality in the Oslo Fjord

Due to population growth and stricter requirements for sewage treatment, FREVAR KF is constructing a new wastewater treatment plant. The new facility will remove phosphorus and particles, and eliminate excess nitrogen from the wastewater, aiming to improve the water quality in the Oslo Fjord.

The treatment plant is planned to be energy-positive by producing more energy than it consumes. This is achieved through the installation of solar panels on the roof, heat recovery, and the production of biogas as fuel for buses in the local town, Fredrikstad.

Project period: 2023-2026

FREVAR KF

Total cost:
2 015 000
(1000 NOK)

Green loan outstanding:
448 100
(1000 NOK)

NEW PROJECTS IN 2023

Land use and area development projects

NEW GREEN PROJECTS IN 2023: **1**

TOTAL NUMBER OF GREEN PROJECTS: **10**

See all the green projects in Impact Data 2023 (Excel) at kbn.com.

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing	Area (m²) KBN share
Idrettslaget Apollo	Artificial turf with biodegradable infill	The Apollo sports team is to expand the sports field, and will replace rubber granules with a 100% biodegradable infill, which consists of a mixture of cork and coconut fiber.	2023-2024	6.1.1 Measures against pollution on land	6 057	6 057	8 000	76%	5 997

Photo: Idrettslaget Apollo

CASE

LAND USE AND AREA DEVELOPMENT PROJECTS

Biodegradable field fill reduces local pollution

■■ IL Apollo in Askøy is environmentally improving and expanding its sports facility. The football field fill, consisting of fossil-based rubber granulate, is replaced by 100% biodegradable granulate mix consisting of cork and coconut fiber. This change aims to stop the local pollution of rubber granulate from the football field. Additionally, solar cells have been installed on the club house.

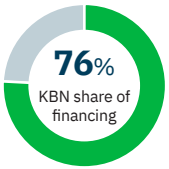
Trees that have been cut down have been repurposed into materials for use within the local community. All excess materials from the field expansion have been utilised to expand the facility and create a bicycle facility.

Project period: 2023-2024

Idrettslaget Apollo

Total cost:
8 000
(1000 NOK)

Green loan outstanding:
6 057
(1000 NOK)



NEW PROJECTS IN 2023

Climate change adaptation

NEW GREEN PROJECTS IN 2023: **1**

TOTAL NUMBER OF GREEN PROJECTS: **17**

See all the green projects in Impact Data 2023 (Excel) at kbn.com.

Borrower	Project name	Description	Project period (est.)	Criterion met	Total disbursed (1000 NOK)	Green loan outstanding (1000 NOK)	Total cost (1000 NOK)	KBN share of financing
Sunndal municipality	Flood embankment for protection of residential area	Sunndal municipality, in collaboration with the Norwegian Water Resources and Energy Directorate (NVE), is undertaking the protection of a residential area against a 200-year flood event. This involves the construction of a 465-meter-long flood embankment, complemented by a 115-meter-long flood wall.	2023-2024	7.2.1 Protection against natural disasters	1 600	1 600	7 128	22%

Photo: Jan Erik Holthe

CASE

CLIMATE CHANGE ADAPTATION

Flood protection prevents damage from extreme weather

In the event of a 200-year flood, a residential area in Sunndal municipality would be prone to flooding. Since the flood zone mapping in the year 2000, there is now estimated to be a 40% increase in flood size due to climate change. Therefore, the municipality and NVE are now collaborating to protect the area from floods, and a 465-meter-long flood embankment will be established to prevent flooding and damage from extreme weather.

Project period: 2023-2024

Sunndal kommune

Total cost:
7 128
(1000 NOK)

Green loan outstanding:
1600
(1000 NOK)

KBN and ESG risk

Read more about KBN's work with climate risk in the Annual Report 2023.

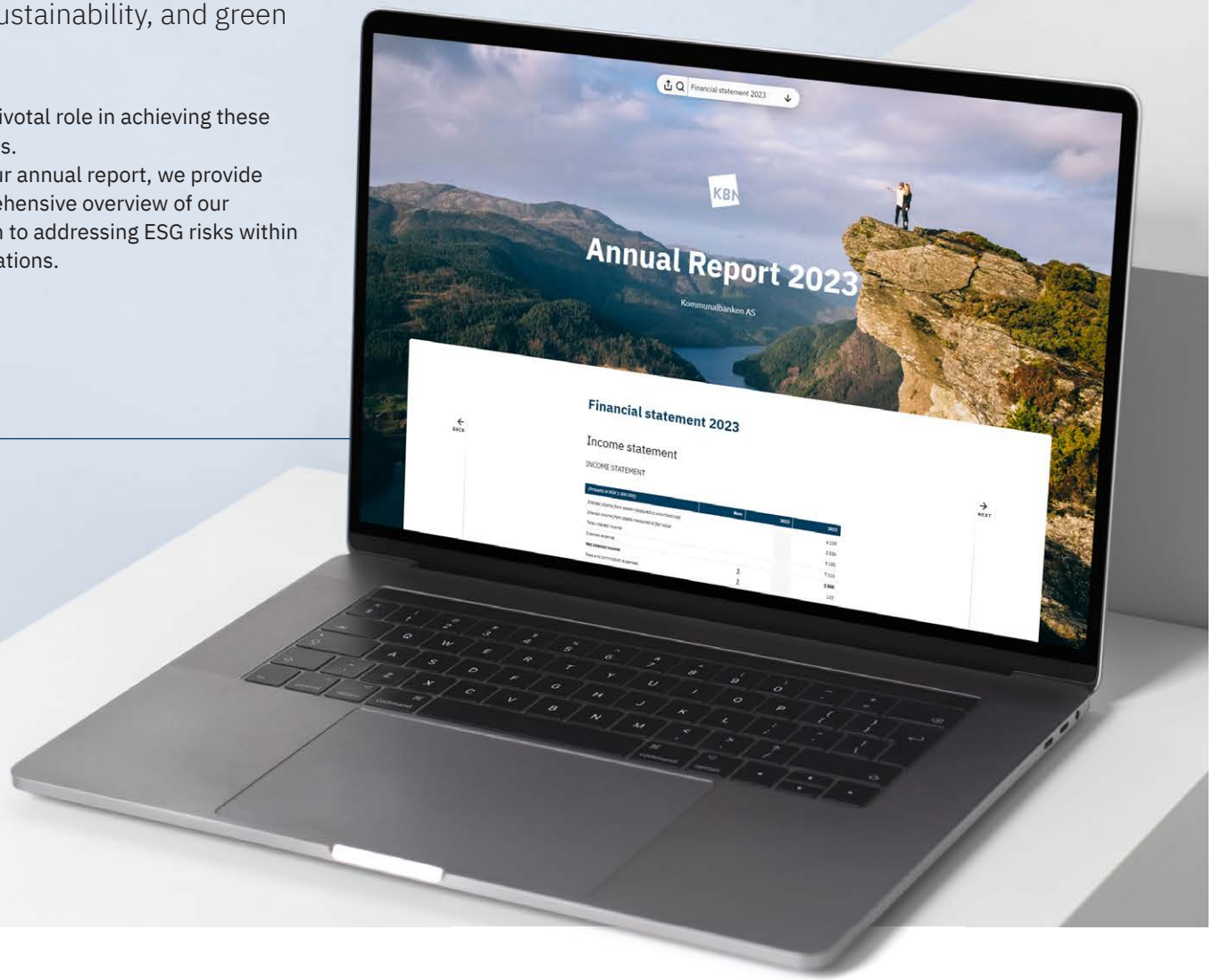
KBN is committed to being one of the leading financial institutions in the areas of climate risk, sustainability, and green financing solutions.

We are constantly working to analyse and minimise risks in response to growing regulatory demands and to ensure the optimal foundation for business-related decisions. This commitment also aligns with our mission to aid local governments in their transitions. Transparency through reporting plays a pivotal role in achieving these objectives.

In our annual report, we provide a comprehensive overview of our approach to addressing ESG risks within our operations.

KBN reports according to the following standards:

- **Task Force on Climate-Related Financial Disclosures (TCFD)**
- **Global Reporting Initiative (GRI)**
- **Carbon Disclosure Project (CDP)**



Minimum Safeguards now addressed in taxonomy assessment

In addition to meeting the environmental criteria for Substantial Contribution (SC) and Do No Significant Harm (DNSH), a green project must adhere to the Minimum Safeguards (MS) to be considered taxonomy aligned.

These minimum standards for governance must be met to ensure that the activity does not violate social norms, human rights and labour rights, as laid out in the Taxonomy Regulation. This requires undertakings to align with the standards for responsible business conduct outlined in:

- OECD guidelines for Multinational Enterprises
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- The eight ILO conventions on fundamental principles and rights at work
- The international bill of human rights

The first three sets of guidelines outline expectations for businesses, while the fourth is legally binding on ratifying states.

KBN's assessment of compliance with minimum safeguards in the green portfolio is guided by the EU Platform on Sustainable Finance Final Report on Minimum Safeguards (October 2022). Please note that the assessment is conducted to the best of our ability, and the results should be interpreted with caution. The report identifies four core topics relevant for the minimum safeguards, namely human rights including worker's rights, bribery and corruption, taxation, and fair competition.

The MS primarily target business entities, including public companies owned by public entities. Currently, there isn't adequate data to evaluate MS compliance for the companies within the green portfolio.

Entities like municipalities and regional governments necessitate a distinct assessment method, as the UNGPs and OECD guidelines do not specifically cover lending to public authorities. The report recommends combining two approaches to assess the human rights situation within a country and subsequently its municipalities and counties:

1 UN Human rights conventions and their monitoring mechanisms

Norway demonstrates its commitment to human rights

obligations through the ratification of core UN human rights conventions, including The International Covenant on Civil and Political Rights (ICPR), The international Covenant on Economic, Social and Cultural Rights (IESC), The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

Furthermore, Norway reports on its human rights obligations through the Universal Periodic Review (UPR)[1]. The National Human Rights Institution (NHRI) was established by the Norwegian Parliament in 2015 to strengthen the implementation, monitoring and reporting of human rights in Norway[2], in alignment with UN recommendation by the UN. The Norwegian NHRI holds 'A'-status accreditation, indicating full compliance with the Paris Principles[3].

2 Country ratings on human rights

MS compliance can also be assessed using ranking systems from other organisations that are not related to the UN. These entities monitor the human rights situation in countries by collecting, evaluating and aggregating data from a range of sources, assigning a status to each country. Since these rankings tend to focus on particular sub-sets of human rights, it is recommended to consult several indices to obtain a comprehensive understanding of the human rights situation and determine MS compliance. We have assessed the human rights situation in Norway using the following ranking systems, as shown in the table below.

While individual projects are not subject to assessment within the MS evaluation, Norway's general commitment to human rights obligations and strong performance in external rankings indicate a general compliance with minimum safeguards for municipalities and counties.

Human rights index (2023)	Sub-set measured	Country performance
Freedom House [4]	Access to political rights and civil liberties	98 of 100 (free)
Transparency International: Corruption perceptions index [5]	Public sector corruption	84 of 100 (rank 4)
ITUC Global Rights Index [6]	Respect for worker's rights	1 of 5 (highest rating)
CIVICUS Monitor [7]	Civic space	94 of 100 (open)

Final Report on Minimum Safeguards.

1) www.ohchr.org/en/hr-bodies/upr/no-index
2) www.nhri.no/en
3) www.ganhri.org/paris-principles/
4) www.freedomhouse.org/countries/freedom-world/scores
5) www.transparency.org/
6) www.globalrightsindex.org/en/2023
7) www.monitor.civicus.org/globalfindings_2023/

KBN's first taxonomy project financing

Sandefjord municipality did not compromise on anything when planning its new school. Construction is now underway for Vesterøya School, positioning it among the first municipalities in Norway to follow the stringent requirements in the EU Taxonomy.

Christian T. Egeberg
Real Estate Manager,
Sandefjord municipality

Venil B. Sælebakke
Climate and green
finance advisor, KBN

Illustration: Niamo Arkitektur AS

VESTERØYA SCHOOL

- Total building area of 9 200 m²
- 560 pupils and 70 teachers will use the school once it is finished
- The investment budget is just under NOK 0.5 billion
- The plan is for the school to be ready for the new school year in August 2026

"We are excited to see one of the pioneering buildings in Norway constructed in accordance with the EU Taxonomy by a municipality. KBN has been at the forefront of financing green projects for more than a decade, but this project sets the bar even higher", comments Venil B. Sælebakke, Climate and Green Finance Advisor at KBN.

"Many energy-efficient buildings that help reduce greenhouse gas emissions have been built across Norway. However, to be in line with the EU Taxonomy, there are even stricter requirements, not only in relation to the construction phase and the building itself, but also to the emissions produced throughout its entire lifetime", she explains.

Investing in sustainable projects

The EU Taxonomy defines the criteria for an activity to be considered sustainable. It can be used as a tool for directing capital toward projects that contribute substantially to one of the EU's six environmental objective, while not doing significant harm to other objectives.

"In addition to the energy performance of the building, there are requirements on material usage and construction waste recycling rate, and neither the construction process nor the building can have any significant negative impact on water, air or surroundings. Moreover, it necessitates a plan for end-of-life recycling", explains Sælebakke.

Building for the future

Norway's municipalities have significant purchasing power with annual expenditures in the billions. The projects in which municipalities choose to invest today will still be part of society 50 years from now, which is to say well into tomorrow's low and zero emissions societies.

"The achievement of Norway's climate targets is dependent on the local government sector's efforts. We are pleased that Sandefjord is taking the lead with their ambitious project. Sandefjord shows how municipalities can play a key role in the transition we need to undergo", comments Sælebakke. She underscores Sandefjord's potential to pave the way for others.

Sandefjord shows how municipalities can play a key role in the transition we need to undergo

"KBN offers not only financing but also expertise. We constantly seek to enhance our expertise and that of our customers, and we will happily share our experiences with other municipalities seeking to achieve similarly ambitious projects".

Ambitious climate and energy plan

Christian Egeberg is the Real Estate Manager at Sandefjord municipality. He explains that the municipality has a climate and energy plan that states that the municipality must reduce its greenhouse gas emissions by 40% by 2030, and that its own operations must be climate neutral by 2050.

"If we are to achieve these targets, we simply need to take some measures. When we were asked whether we wanted to be part of this pilot project and to receive a favourable loan agreement from KBN, we said yes", explains Christian Egeberg. He hopes that the project will also have positive ripple effects on local business and industry.

"These environmental requirements will affect them in a few years. This project is a great training ground for businesses in our local community. It's also an attractive venture for Norway's large, national contractors. It is great marketing to be able to say that you were involved with this pilot", he adds.

Mapping against the EU Taxonomy

The following pages present KBN's self-assessment of its green project portfolio against the technical screening criteria outlined in the EU taxonomy, encompassing both the "Substantial Contribution" and "Do No Significant Harm" criteria.

The full mapping can be found in spreadsheet format at kbn.com.

This exercise is undertaken to identify gaps between KBN's eligibility criteria and the taxonomy, utilising the findings to shape the improvement of KBN's green lending programme.

The results are published to foster transparency regarding our findings. While a summary is provided in the following pages, the complete mapping, along with comments, is also available for download.

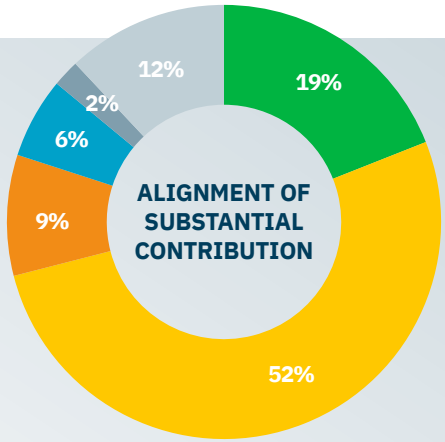
About the findings

71% of KBN's portfolio is identified as either aligned or partly aligned with the Substantial Contribution criteria of the taxonomy. Project types include measures to improve the energy efficiency of buildings, low-carbon public land and maritime transportation, installation of solar energy equipment and new low-energy buildings.

The significant proportion of partly aligned projects is primarily attributed to criterion 1.2.1: New low-energy buildings larger than 5000 m².

We consider the criteria for energy performance to be met, a determination facilitated by a Norwegian nZEB (nearly zero-emission building) definition published by Norwegian authorities in 2023. Air-tightness is also deemed to be fulfilled, but there is insufficient information available to assess whether the criteria regarding the life cycle Global Warming Potential (GWP) are met for all projects larger than 5,000 m².

While we identify numerous criteria to be aligned or likely aligned with the SC criteria, there is no full alignment with both SC and DNSH criteria. This primarily stems from the fact that extensive risk, water, and biodiversity assessments, as referred to in most DNSH criteria, are typically not conducted for smaller scale projects within the Norwegian local government sector. The absence of full alignment with SC and DNSH criteria across all project types underscores the complexity of the taxonomy and



Aligned
We have sufficient information to conclude that our criteria align with the technical screening criteria in the taxonomy.

Partly aligned
There is a partial match between KBNs criteria and those of the taxonomy.

Likely not aligned
We have sufficient information to conclude that our criteria deviate from the taxonomy's technical screening criteria.

Not eligible
There are no activities in the taxonomy that correspond directly with these specific KBN criteria.

Could not be assessed
There is not enough information yet to determine whether our criteria align with those specified in the taxonomy.

Projects assessed individually
Projects qualified under these KBN criteria vary in nature and must be assessed individually.

its documentation requirements, and that the market for taxonomy-compliant projects is still immature in Norway.

Several project types financed by KBN under its green lending programme lack a direct match in the taxonomy and are consequently classified as not eligible. Examples include initiatives such as protection against natural disasters and the development of zero-emission heavy machinery and related infrastructure.

The lack of high-quality and comparable data of sufficient detail continues to be a bottleneck, and for several criteria it is still unclear what type and level of documentation are necessary to confirm taxonomy compliance.

Some notes on methodology:

- The mapping undertaken is voluntary and conducted to the best of our ability. It is important to note that while we strive to analyse the taxonomy comprehensively, there are some limitations due to insufficient information or data availability. Therefore, the results should be interpreted with caution.
- The analysis has been carried out internally by KBN's green finance advisers. When uncertainty arises, particularly regarding specific sectors, we have sought input from relevant open sources and engaged in dialogue with stakeholders with sectoral expertise. However, the final interpretation remains KBN's own.
- KBN's Criteria Document for green loans (dated January 2023) has been reviewed against the most recent version of the taxonomy available at the time of publication, specifically, the Climate and Environmental Delegated Acts that entered into force and were published in the Official Journal, and outlined in the EU Commission's Taxonomy Compass.
- The analysis is conducted at the project category level; individual projects are not evaluated separately. Each KBN project type is typically mapped to the taxonomy activity that best aligns with its characteristics, although there may be exceptions to this rule in certain cases.
- We generally assume compliance with sectoral legislation, unless information such as public reports or stakeholder feedback suggests otherwise.

The TEG final report explains the overarching design of the Taxonomy.

Buildings

Subcategory (KBN Criteria Document)	Project type (KBN Criteria Document)	Corresponding taxonomy activity and Environmental Objective (EO)	Taxonomy eligibility	Assessment of Substantial Contribution alignment	Assessment of total SC + DNSH alignment	Number of projects	Outstanding volume of green loans (in 1000 NOK)
1.1 Measures for existing building stock	1.1.1 Individual energy efficiency measures	Installation, maintenance and repair of energy efficiency equipment (EO1)	Eligible	Partly aligned	Partly aligned	11	113 969
		Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (EO1)	Eligible	Aligned	Partly aligned	11	75 426
	1.1.2 Major renovation projects						
	a) Energy efficiency increased by 30%	Renovation of existing buildings (EO1)	Eligible	Partly aligned	Likely not aligned	9	1 639 663
	b) Climate-friendly materials	Construction of new buildings and major renovations of buildings (EO4)	Eligible	Likely not aligned	Likely not aligned	0	-
	c) Certification schemes	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	-
	d) On-site renewable energy production	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	-
	1.1.3 Renovation of existing building stock in conjunction combined with a new extension building	n/a (EO1)	Not eligible	Projects assessed individually	Projects assessed individually	4	1 512 004
	1.1.4 Adapting existing buildings to climate change	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	-
	1.1.5 Renewable energy in buildings	Installation, maintenance and repair of renewable energy technologies (EO1)	Eligible	Aligned	Partly aligned	4	11 650
	1.1.6 Energy storage in buildings	Installation, maintenance and repair of renewable energy technologies (EO1)	Eligible	Aligned	Partly aligned	0	-
	1.1.7 Use of DFØ (The Norwegian Agency for Public and Financial Management)'s Guidelines for sustainable procurement of building renovation	n/a (EO1)	Not eligible	Projects assessed individually	Projects assessed individually	0	-

Buildings continued

1.2 New buildings	1.2.1 New low-energy buildings <5000 m²	Construction of new buildings (EO1)	Eligible	Aligned	Likely not aligned	56	3 827 024
	1.2.1 New low-energy buildings >5000 m²	Construction of new buildings (EO1)	Eligible	Partly aligned	Likely not aligned	74	22 543 054
	1.2.2 New buildings with climate-friendly materials	Construction of new buildings and major renovations of buildings (EO4)	Eligible	Likely not aligned	Likely not aligned	4	103 360
	1.2.3 Eco-certified building	n/a (EO1)	Not eligible	Not eligible	Not eligible	1	99 904
	1.2.4 Buildings with locally produced energy	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	-
	1.2.5 Use of DFØ (The Norwegian Agency for Public and Financial Management)'s Criteria Wizard for Sustainable Public Procurement: Energy	n/a (EO1)	Not eligible	Projects assessed individually	Projects assessed individually	0	-
	1.2.6 Use of DFØ (The Norwegian Agency for Public and Financial Management)'s Greenhouse gas calculator for new buildings: Materials	n/a (EO1)	Not eligible	Projects assessed individually	Projects assessed individually	0	-
1.3 Other	1.3 Other	n/a	Not eligible	Projects assessed individually	Projects assessed individually	8	3 720 360

Renewable energy

Subcategory (KBN Criteria Document)	Project type (KBN Criteria Document)	Corresponding taxonomy activity and Environmental Objective (EO)	Taxonomy eligibility	Assessment of Substantial Contribution alignment	Assessment of total SC + DNSH alignment	Number of projects	Outstanding volume of green loans (in 1000 NOK)
2.1 Renewable energy production	2.1.1 Renewable energy production						
	a) Plant for biogas production	Electricity generation from bioenergy (EO1)	Eligible	Could not be assessed	Likely not aligned	2	429 588
		Manufacture of biogas and biofuels for use in transport and of bioliquids (EO1)	Eligible	Could not be assessed	Likely not aligned		
	b) Geo-thermal energy production systems (geothermal wells)"	Production of heat/cool from geothermal energy (EO1)	Eligible	Partly aligned	Partly aligned	1	4 750
		Cogeneration of heat/cool and power from geothermal energy (EO1)	Eligible	Partly aligned	Partly aligned		
	c) Solar energy	Electricity generation using solar photovoltaic technology (EO1)	Eligible	Aligned	Partly aligned	4	15 033
		Electricity generation using concentrated solar power (CSP) technology (EO1)	Eligible	Aligned	Partly aligned		
		Cogeneration of heat/cool and power from solar energy (EO1)	Eligible	Aligned	Partly aligned		
		Production of heat/cool from solar thermal heating (EO1)	Eligible	Aligned	Partly aligned		
	d) Pellet or wood chip heating systems (timber)	Production of heat/cool from bioenergy (EO1)	Eligible	Could not be assessed	Likely not aligned	2	9 487
		Cogeneration of heat/cool and power from bioenergy (EO1)	Eligible	Could not be assessed	Likely not aligned		
	e) Other renewable energy production	n/a	Not eligible	Projects assessed individually	Projects assessed individually	0	0
2.2 Energy storage	2.2.1 Energy storage in connection with production plants;						
	a) Electric energy storage, i.a. in batteries	Storage of electricity (EO1)	Eligible	Aligned	Partly aligned	1	1 437
	b) Thermal energy storage	Storage of thermal energy (EO1)	Eligible	Aligned	Partly aligned	0	0
	c) Energy storage in hydrogen	Storage of hydrogen (EO1)	Eligible	Aligned	Partly aligned	0	0

Renewable energy continued

2.3 Energy infrastructure	2.3.1 Network capacity	Transmission and distribution of electricity (EO1)	Eligible	Aligned	Partly aligned	0	0
	2.3.2 District heating/cooling	District heating/cooling distribution (EO1)	Eligible	Partly aligned	Partly aligned	4	209 113
2.4 Other	2.4 Other	n/a	Not eligible	Projects assessed individually	Projects assessed individually	1	180 000

Transportation

Subcategory (KBN Criteria Document)	Project type (KBN Criteria Document)	Corresponding taxonomy activity and Environmental Objective (EO)	Taxonomy eligibility	Assessment of Substantial Contribution alignment	Assessment of total SC + DNSH alignment	Number of projects	Outstanding volume of green loans (in 1000 NOK)
3.1 Cycling and walking	3.1.1 Bicycles	Operation of personal mobility devices (EO1)	Eligible	Aligned	Partly aligned	1	1 182
	3.1.2 Facilitating walking and cycling	Infrastructure for personal mobility, cycle logistics (EO1)	Eligible	Aligned	Partly aligned	14	515 725
3.2 Land transport	3.2.1 Zero-emission vehicles	Urban, suburban and road passenger transport (EO1)	Eligible	Aligned	Partly aligned	1	3 052
	3.2.2 Equipment for rail-based public transport	Infrastructure enabling low-carbon road transport and public transport (EO1)	Eligible	Aligned	Likely not aligned	1	3 061 000
3.3 Maritime transport	3.3.1 Zero-emission maritime transport	Sea and coastal passenger water transport (EO1)	Eligible	Aligned	Partly aligned	3	188 974
3.4 Heavy machinery	3.4.1 Zero-emission heavy machinery	n/a (EO1)	Not eligible	Not eligible	Not eligible	5	65 348
	3.4.2 Use of DFØ (The Norwegian Agency for Public and Financial Management)'s Guidelines for sustainable procurement of heavy machinery	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	-
3.5 Infrastructure	3.5.1 Charging points for vehicles	Infrastructure enabling low-carbon road transport (EO1)	Eligible	Aligned	Likely not aligned	9	7 192
	3.5.2 Filling stations for green hydrogen and biogas	Infrastructure enabling low-carbon road transport (EO1)	Eligible	Aligned	Likely not aligned	1	7 370
	3.5.3 Operating equipment for public transport	Infrastructure for rail transport (EO1)	Eligible	Aligned	Likely not aligned	1	1 060 000
		Infrastructure enabling low-carbon road transport (EO1)	Eligible	Aligned	Likely not aligned	0	-
	3.5.4 Trackway and other infrastructure	Infrastructure for rail transport (EO1)	Eligible	Aligned	Likely not aligned	0	-
	3.5.5 Shore-side power supplies and charging	Infrastructure enabling low-carbon water transport (EO1)	Eligible	Aligned	Likely not aligned	13	214 122
	3.5.6 Other port infrastructure	Infrastructure enabling low-carbon water transport (EO1)	Eligible	Aligned	Likely not aligned	2	28 304
	3.5.7 Infrastructure for zero-emission heavy machinery	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	-
3.6 Other	3.6 Other	n/a	Not eligible	Projects assessed individually	Projects assessed individually	3	13 865

Waste and circular economy

Subcategory (KBN Criteria Document)	Project type (KBN Criteria Document)	Corresponding taxonomy activity and Environmental Objective (EO)	Taxonomy eligibility	Assessment of Substantial Contribution alignment	Assessment of total SC + DNSH alignment	Number of projects	Outstanding volume of green loans (in 1000 NOK)
4.1 Waste prevention and reuse	4.1.1 Measures to reduce waste or to facilitate greater reuse	Preparation for re-use of end-of-life products and product components (EO4)	Eligible	Partly aligned	Likely not aligned	2	34 399
4.2 Waste collection, processing and treatment	4.2.1 Measures to increase the waste sorting rate	Collection and transport of non-hazardous and hazardous waste (EO4)	Eligible	Aligned	Partly aligned	1	10 000
	4.2.2 More efficient waste collection	n/a (EO1)	Not eligible	Not eligible	Not eligible	6	16 647
	4.2.3 Measures at existing facilities						
	a) Contributes to waste prevention	Preparation for re-use of end-of-life products and product components (EO4)	Eligible	Partly aligned	Likely not aligned	0	-
	b) Increases preparation for reuse	Preparation for re-use of end-of-life products and product components (EO4)	Eligible	Partly aligned	Likely not aligned	0	-
	c) Increases material recovery rate	Sorting and material recovery of non-hazardous waste (EO4)	Eligible	Partly aligned	Partly aligned	0	-
	d) Reduces the facility's emissions	n/a (EO1)	Not eligible	Not eligible	Not eligible	1	40 000
	4.2.4 New facilities for receiving, sorting or managing waste	Sorting and material recovery of non-hazardous waste (EO4)	Eligible	Partly aligned	Partly aligned	0	-
	4.2.5 Sludge treatment facilities for biogas production	Recovery of bio-waste by anaerobic digestion and/or composting (EO4)	Eligible	Could not be assessed	Likely not aligned	1	43 292
	4.2.6 Measures at existing landfill sites	Remediation of legally non-conforming landfills and abandoned or illegal waste dumps (EO5)	Eligible	Could not be assessed	Likely not aligned	0	
	4.2.7 Carbon capture and storage (CCS)	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	-
4.3 Other		n/a	Not eligible	Projects assessed individually	Projects assessed individually	2	17 997

Water and wastewater management

Subcategory (KBN Criteria Document)	Project type (KBN Criteria Document)	Corresponding taxonomy activity and Environmental Objective (EO)	Taxonomy eligibility	Assessment of Substantial Contribution alignment	Assessment of total SC + DNSH alignment	Number of projects	Outstanding volume of green loans (in 1000 NOK)
5.1 Surface runoff management financed by water charges	5.1.1 Separating wastewater and surface runoff	Urban Wastewater Treatment (EO3)	Eligible	Partly aligned	Partly aligned	19	1 289 055
5.2 Small scale energy production measures	5.2.1 Heat recovery	Production of heat/cool using waste heat (EO1)	Eligible	Aligned	Partly aligned	0	0
	5.2.2 Energy recovery	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	0
5.3 Climate-friendly processing facilities	5.3.1 Measures at existing water facilities						
	a) Increase in energy efficiency of at least 20%	Renewal of water collection, treatment and supply systems (EO1)	Eligible	Aligned	Partly aligned	3	317 582
	b) Climate change adaptation of existing facilities	Renewal of water collection, treatment and supply systems (EO2)	Eligible	Likely not aligned	Likely not aligned	2	55 774
	c) Reduces the use of chemicals or the negative impact on the local environment	Water supply (EO3)	Eligible	Could not be assessed	Likely not aligned	4	549 622
	d) Use of climate-friendly materials	n/a (EO4)	Not eligible	Could not be assessed	Could not be assessed	0	0
	5.3.2 Measures at existing wastewater facilities						
	a) Increase in energy efficiency of at least 20%	Renewal of waste water collection and treatment (EO1)	Eligible	Aligned	Partly aligned	1	78 030
	b) Climate change adaptation of existing facilities	Renewal of waste water collection and treatment (EO2)	Eligible	Likely not aligned	Likely not aligned	0	0
	c) Reduces the use of chemicals or reduces local pollution	n/a (EO5)	Not eligible	Not eligible	Not eligible	9	343 227
	d) Use of climate-friendly materials	n/a (EO4)	Not eligible	Could not be assessed	Could not be assessed	0	0
	5.3.3 Phosphorous recovery	Phosphorus recovery from waste water (EO4)	Eligible	Could not be assessed	Likely not aligned	0	0
	5.3.4 Sludge treatment for biogas production (wastewater)	Anaerobic digestion of sewage sludge (EO1)	Eligible	Partly aligned	Likely not aligned	2	574 466

Water and wastewater management continued

	5.3.5 New energy efficient water processing facilities						
	a) Increase in energy efficiency of at least 20% compared to pre-situation or a likely alternative solution	Construction, extension and operation of water collection, treatment and supply systems (EO1)	Eligible	Could not be assessed	Likely not aligned	0	0
	b) Facility constructed as a response to a climate change adaptation need	Construction, extension and operation of water collection, treatment and supply systems (EO2)	Eligible	Likely not aligned	Likely not aligned	5	1 019 405
	c) Reduces the use of chemicals or the negative impact on the local environment	n/a (EO5)	Not eligible	Not eligible	Not eligible	7	376 875
	d) Use of climate-friendly materials	n/a (EO4)	Not eligible	Could not be assessed	Could not be assessed	0	0
	5.3.6 New energy efficient waste water treatment facilities						
	a) Increase in energy efficiency of at least 20% compared to pre-situation or a likely alternative solution	Construction, extension and operation of waste water collection and treatment (EO1)	Eligible	Likely not aligned	Likely not aligned	0	0
	b) Facility constructed as a response to a climate change adaptation need	Construction, extension and operation of waste water collection and treatment (EO2)	Eligible	Likely not aligned	Likely not aligned	3	42 743
	c) Reduces the use of chemicals or the negative impact on the local environment	n/a (EO5)	Not eligible	Not eligible	Not eligible	14	1 195 834
	d) Use of climate-friendly materials	n/a (EO4)	Not eligible	Could not be assessed	Could not be assessed	0	0
5.4 Climate-friendly construction projects	5.4.1 Fossil-fuel-free or zero-emission excavation works/ construction sites	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	0
	5.4.2 No-dig projects	n/a (EO1)	Not eligible	Not eligible	Not eligible	3	303 983
5.5 Other	5.5 Other	n/a	Not eligible	Projects assessed individually	Projects assessed individually	5	258 336

Land use and area development projects

Subcategory (KBN Criteria Document)	Project type (KBN Criteria Document)	Corresponding taxonomy activity and Environmental Objective (EO)	Taxonomy eligibility	Assessment of Substantial Contribution alignment	Assessment of total SC + DNSH alignment	Number of projects	Outstanding volume of green loans (in 1000 NOK)
6.1 Anti-pollution measures	6.1.1 Measures against pollution on land	Remediation actitivites for pollution prevention and control (EO5)	Eligible	Likely not aligned	Likely not aligned	3	17 040
	6.1.2 Measures against water pollution (ports, seas, rivers, watercourses etc.)	Remediation actitivites for pollution prevention and control (EO5)	Eligible	Likely not aligned	Likely not aligned	2	41 286
6.2 Area development and land usage	6.2.1 Climate and environmentally friendly area development	n/a (EO1)	Not eligible	Not eligible	Not eligible	0	-
	6.2.2 Restoration of natural areas	Restoration of biodiversity and ecosystems (EO6)	Eligible	Likely not aligned	Likely not aligned	0	-
6.3 Other	6.3 Other	n/a	Not eligible	Projects assessed individually	Projects assessed individually	0	-

Climate change adaptation

Subcategory (KBN Criteria Document)	Project type (KBN Criteria Document)	Corresponding taxonomy activity and Environmental Objective (EO)	Taxonomy eligibility	Assessment of Substantial Contribution alignment	Assessment of total SC + DNSH alignment	Number of projects	Outstanding volume of green loans (in 1000 NOK)
7.1 Surface runoff management	7.1.1 Surface runoff management	Sustainable urban drainage systems (SUDS) (EO3)	Eligible	Partly aligned	Partly aligned	4	68 459
7.2 Climate change adaptation	7.2.1 Protection against natural disasters	n/a (EO2)	Not eligible	Not eligible	Not eligible	10	195 515
	7.2.2 Infrastructure relocation	n/a (EO2)	Not eligible	Not eligible	Not eligible	1	15 102
7.3 Emergency preparedness	7.3.1 Warning systems and emergency preparedness	Emergency services (EO2)	Eligible	Likely not aligned	Likely not aligned	1	1 592
7.4 Other	7.4 Other	n/a	Not eligible	Projects assessed individually	Projects assessed individually	1	13 332

Projects qualified under previous criteria documents

Criteria document	Project type (KBN Criteria Document)	Corresponding taxonomy activity and Environmental Objective (EO)	Taxonomy eligibility	Assessment of Substantial Contribution alignment	Assessment of total SC + DNSH alignment	Number of projects	Outstanding volume of green loans (in 1000 NOK)
Buildings (2021)	1.2.2 New buildings with climate-friendly materials	Construction of new buildings (EO4)	Eligible	Likely not aligned	Likely not aligned	28	2 671 792
Transportation (2021)	3.1.2 Light or heavy vehicles	Transport by motorbikes, passenger cars and light commercial vehicles (EO1)	Eligible	Aligned	Partly aligned	14	54 743
Waste and circular economy (2021)	4.2.1 Collection measures that increase waste sorting at source	Collection and transport of non-hazardous and hazardous waste (EO4)	Eligible	Aligned	Partly aligned	19	419 251
	4.2.3 New facilities for sorting waste	Sorting and material recovery of non-hazardous waste (EO4)	Eligible	Partly aligned	Partly aligned	11	1 012 565
	4.2.4 New facilities for waste treatment	Sorting and material recovery of non-hazardous waste (EO4)	Eligible	Partly aligned	Partly aligned	1	32 859
	4.2.6 Measures at existing facilities	Sorting and material recovery of non-hazardous waste (EO4)	Eligible	Partly aligned	Partly aligned	1	15 800
	4.2.7 Measures at existing landfill sites	Remediation of legally non-conforming landfills and abandoned or illegal waste dumps (EO5)	Eligible	Could not be assessed	Likely not aligned	2	4 220
Land use and area development projects (2021)	6.2.1 Sustainable area development	n/a (EO1)	Not eligible	Not eligible	Not eligible	5	317 029
Buildings (2016)	Projects qualified under the KBN 2016 Criteria document	n/a	Eligible	Likely not aligned	Likely not aligned	14	1 097 635
Transportation (2016)	Projects qualified under the KBN 2016 Criteria document	n/a	Not eligible	Projects assessed individually	Projects assessed individually	5	36 111
Waste and circular economy (2016)	Projects qualified under the KBN 2016 Criteria document	n/a	Not eligible	Projects assessed individually	Projects assessed individually	1	9 200
Water and wastewater management (2016)	Projects qualified under the KBN 2016 Criteria document	n/a	Not eligible	Projects assessed individually	Projects assessed individually	10	509 939

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Board of Directors, by Chair Brit Kristin Sæbø Rugland

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Independent review of compliance with KBN's Green Bond Framework and the allocation of green bond proceeds 2023

On behalf of the Board of Directors of Kommunalbanken AS (KBN), Internal Audit has conducted an independent review of compliance with KBN's Green Bond Framework 2021, including control of reporting on the allocation of green bond proceeds in Impact Report 2023.

KBN's responsibility
KBN's management is responsible for the implementation of processes and reporting in accordance with the applicable criteria, explained in KBN's Green Bond Framework 2021 (available on https://www.kbn.com/globalassets/dokumenter/funding/green-bond-documents/kbn-green-bond-framework-21.pdf) as well as the calculation principles that the company has developed itself. This responsibility also includes internal control relevant for granting loans, management and preparation of the reporting.

Internal audit actions performed
Internal Audit has reviewed the processes and procedures established to ensure compliance with the Green Bond Framework 2021 in the following areas:

- Evaluation and selection of projects for allocation (lending) of funds from green bonds
- Management of loans
- Reporting, including review of Impact Report 2023 Band control of reporting on allocation of green bond proceeds

Internal Audits actions are agreed with KBN and are based on the criteria defined by KBN's management.

The actions carried out will not provide an absolute certainty that the reporting in Impact Report 2023 is without significant errors. If additional review procedures had been performed, other matters may have been observed and come to our attention that would been reported.

Conclusions

- Internal Audit considers that processes and procedures have been established that provide a satisfactory basis for implementing the KBN Green Bond Framework. Our control actions have not revealed factors indicating that KBN's lending, loan management and reporting as of December 31, 2023 as described in internal procedures and in impact report 2023, have not been carried out in accordance with the criteria set out in the Green Bond Framework.

- Internal Audit has reviewed KBN's reporting on the allocation of green bond proceeds in Impact Report 2023 and has noted that the reporting has been carried out in accordance with the Green Bond Framework 2021. Furthermore, we have not found any discrepancies in the rendering of information in the Impact Report 2023 compared to data we have collected about KBN's lending.

Oslo, February 23th 2024
KPMG AS

Kine Kjærnet
Partner/
Head of Internal Audit

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