

# Sustainability-Linked Financing Framework Progress Report 2024

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## Executive summary

Klaveness Combination Carriers ("KCC") published its Sustainability-Linked Financing Framework ("the Framework") in June 2023. Since then, KCC has issued USD 265 million in sustainability-linked bank and bond debt: NOK 800 million in bond loan and USD 190 million in bank debt, including undrawn commitments (see Appendix I). This report provides an update on the key performance indicator ("KPI") and Sustainability Performance Target ("SPT") for the calendar year 2024. For a comprehensive update on KCC's sustainability strategy and performance, please refer to the Sustainability Statement in the Annual Report for 2024 and the company website.

When the Framework was established, DNV provided a Second Party Opinion related to the EEOI performance and attested the viability of KCC's plan to achieve a 46% reduction in EEOI from 2018 levels by 2030. The levers are implementing energy efficiency solutions, perfecting voyage efficiency, and optimizing trading efficiency through close cooperation with customers, suppliers, regulators, and other stakeholders. The DNV Second Party Opinion can be found on KCC's website.

As of 31 December 2024, KCC did not meet its Sustainability Performance Target ("SPT").

Table 1: KCC's SPT and EEOI Trajectory

Trajectory	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>SPT: reduction in % vs. 2018*</b>		3.9%	-2.6%	-2.6%	-9.2%	-9.2%	-16.2%	-23.2%	-30.3%	-34.2%	-38.2%	-42.1%	-46.1%
<b>Annual KPI levels</b>	7.6	7.9	7.4	7.4	6.9	6.9	6.4	5.8	5.3	5.0	4.7	4.4	4.1
<b>SCC trajectory (bulk carriers and product tankers)</b>		-2%	-5%	-7%	-9%	-11%	-14%	-16%	-18%	-20%	-23%	-25%	-27%

\* Each annual target reduction in % vs 2018 could be designated as SPTs in the security documentation of a financial instrument.

The controlled fleet's Energy Efficiency Operating Indicator ("EEOI") was 6.6, compared to a target of 6.4. Table 1 provides an overview of KCC's SPT and EEOI trajectory as per the Framework.

The main reason for not meeting the 2024 target was a relatively high share of time in ballast for the CLEANBU fleet, which traded frequently in the product tanker market, especially in H1 2024, at the expense of combination trading with dry bulk cargos. CLEANBU speeds also remained high in 2024 but are expected to maintain lower levels in the long-term, depending on the balance of vessel hire rate and fuel markets. Additionally, one vessel was on time charter for the entire year, trading solely as a product tanker,

which resulted in a higher EEOI than any other vessel in the fleet.

Despite the shortfall KCC remains committed to its 2025 target and will continue to strive to deliver the most cost effective decarbonization path to its customers in deep-sea dry bulk and tanker shipping. KCC is on track to reach its 2030 targets: with significant potential to improve trading efficiency compared to 2023/24, further plans to improve energy efficiency with a comprehensive retrofit plan on the existing fleet and newbuild vessels coming in 2026, and signs of international regulatory requirements for alternative fuels being implemented by 2030.

# KPI performance and alignment with the SPT trajectory

EY has verified the performance of KCC's controlled fleet for the calendar year 2024, confirming its alignment with the targets outlined in the Framework. The verification report can be found on KCC's website.

## EEOI for the controlled fleet per 31 December 2024

<b>Period:</b>	1 January – 31 December 2024
<b>No. of vessels included in the Controlled Fleet:</b>	16
<b>Total CO<sub>2</sub> emissions<sup>1</sup>, mt:</b>	293 004
<b>Total transport work (cargo, mt x distance, nm):</b>	44 499 283 247
<b>Actual Key Performance Indicator (EEOI) 2024:</b>	6.6
<b>Target Key Performance Indicator (EEOI) 2024:</b>	6.4
<b>Actual reduction in EEOI 2024 versus 2018:</b>	-13.2%
<b>Sustainability Performance Target (SPT) 2024:</b>	-16.2%
<b>Trajectory Adjustments:</b>	None
<b>Alignment with the SPT trajectory:</b>	No

*1) Calculated based on carbon factors ranging from 3.114 to 3.206 for various fuel types.*



# Composition for the controlled fleet

As of 31 December 2024, 16 vessels were included in the controlled fleet. There were no changes to the controlled fleet in the period 1 January 2024-31 December 2024, hence the controlled fleet remained unchanged from when the Framework was established.

Please see Appendix II for a complete list of the controlled fleet.



# Update on sustainability strategy and governance relevant to the KPI and SPT(s)

There are no updates compared to the framework dated June 2023. KCC's strategy remains focused on unlocking untapped efficiency improvements in every part of the business (energy-, trading-, and voyage efficiency) with focus on further improving the carbon intensity (EEOI) of its current fleet.

As of 1 January 2024, shipping was part of EU's emission trading system (EU ETS). KCC must submit allowances for 100% of emissions for voyages within EU, and 50% of voyages in and out of EU (including ballast leg). The share of emissions that must be covered by allowances gradually increases each year from 40% of emissions reported for 2024, 70% of emissions reported for 2025 and from 2026 100% of reported emissions.

From 1 January 2025, Fuel EU Maritime was introduced. The regulation sets a required maximum level of GHG intensity of the energy used onboard the vessels to incentivize the uptake of more sustainable fuels and shore power. In practice, this means that from 2025, the GHG intensity of EU-related shipping activity must be reduced by 2% per year compared to standard fossil fuels.

KCC has a limited exposure as its vessels have a limited part of their trading in and out of EU. The new regulations do not impact the Framework.

KCC is currently developing a transition plan for adoption in 2025. By mid-2025 KCC will update its view on technological, operational, and commercial challenges and opportunities related to its sustainability strategy

Starting from the financial year 2025, KCC will also comply with the CSRD.





# Appendix I: Financial instruments and loans under the framework

## Instrument: Sustainability-Linked Bond (NO0013008656)

Volume: NOK 800 million

Issued: September 2023 (Tap issued: May 2024)

Maturing: September 2028

Target Observation Date: 31 December 2027

KPI (EEOI): 5.0

SPT (reduction in EEOI compared to 2018): -34.2%

## Instrument: Sustainability-Linked Bank Loan

Volume: NOK 190 million

Issued: June 2023

Maturing: June 2028

Target Observation Date: 31 December 2023, and annually thereafter


KPI (EEOI): 6.9 (2023), 6.4 (2024), 5.8 (2025), 5.3 (2026), 5.0 (2027)

SPT (reduction in EEOI compared to 2018): -9.2% (2023), -16.2% (2024), -23.2% (2025), -30.3% (2026), -34.2% (2027)

# Appendix II: Controlled fleet as per 31 December 2024

Vessel	Type	Built year	DWT
MV Barcarena	CABU	2001	72 562
MV Banastar	CABU	2001	72 562
MV Bangor	CABU	2002	72 562
MV Bantry	CABU	2005	72 562
MV Bakkedal	CABU	2007	72 562
MV Balboa	CABU	2016	80 345
MV Baffin	CABU	2016	80 235
MV Ballard	CABU	2017	80 500
MV Baru	CLEANBU	2019	82 425
MV Barracuda	CLEANBU	2019	82 396
MV Barramundi	CLEANBU	2019	82 447
MV Baleen	CLEANBU	2020	82 374
MV Bangus	CLEANBU	2020	82 389
MV Baiacu	CLEANBU	2021	82 397
MV Bass	CLEANBU	2021	82 383
MV Balzani	CLEANBU	2021	82 393

# Independent assurance report from EY



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## INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the board of directors in Klaveness Combination Carriers ASA

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### Scope

We have been engaged by Klaveness Combination Carriers ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on Klaveness Combination Carriers ASA's actual KPI performance relative to the targets (including the relevant SBT(s)) in the SPT Trajectory as defined and specified in table "EEOI for the controlled fleet per 31 December 2024" on page 3 in Klaveness Combination Carriers ASA's Sustainability-Linked Financing Framework Progress Report 2024, as of 31 December 2024 and for the period from 1 January to 31 December 2024 (the "Subject Matter") as for the year then ended.

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### Criteria applied by Klaveness Combination Carriers ASA

In preparing the Subject Matter, Klaveness Combination Carriers ASA applied own defined published criteria in Klaveness Combination Carriers ASA's Sustainability-Linked Financing Framework of June 2023 (the "Criteria"). The Criteria can be accessed at <https://www.combinationcarriers.com/investor-relations/bonds-financing-and-registry> and are available to the public.

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### Klaveness Combination Carriers ASA's responsibilities

The Board of Directors and Group Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

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### EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ISAE 3000 (Revised)) and the terms of reference for this engagement as agreed with Klaveness Combination Carriers ASA on 13 December 2024. These standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.


We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

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### Our Independence and Quality Control

We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, quantification of GHG's is subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Interviews with key personnel to understand the business and the reporting process.
- Interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period.
- Test on a sample basis the calculation Criteria against the methodologies outlined in the Criteria.
- Analytical review procedures of the data
- Test of assumptions supporting the calculations
- Comparison, on a sample basis, the underlying source information

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

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### Conclusion


Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2024 and for the year then ended in order for it to be in accordance with the Criteria.

Oslo, 27 February 2025  
ERNST & YOUNG AS

The attestation report is signed electronically

Johan Lid Nordby  
State Authorised Public Accountant


Independent accountant's attestation report - Klaveness Combination Carriers ASA 2024  
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