

# Green Finance Framework

**BE Bio Energy Group AG  
and the Solör Bioenergi Group**

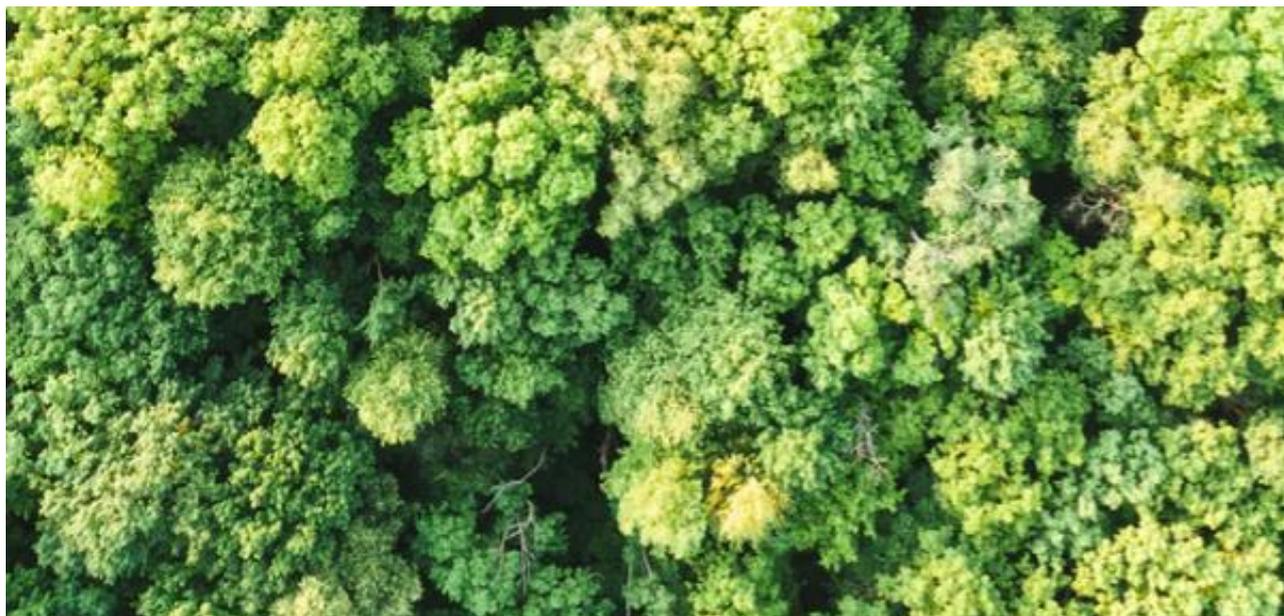
September 2020



# BE Bio Energy Group AG and the Solör Bioenergi Group

BE Bio Energy Group AG is an investment company domiciled in Switzerland and through its 100% ownership in Nordic Infrastructure AG it is the parent company of Solör Bioenergi Holding AB, a Swedish leading provider of renewable energy and district heating based on forestry waste. The Solör Bioenergi Holding AB Group (the “Solör Group”, or the “Group”) consists of a number of subsidiaries, as further detailed in the Group’s annual report, providing essential energy services in Sweden and Norway, with a smaller presence also in Poland.

The Group produces wood-based bioenergy for the public and private sector including private households, industrial customers as well as local and regional governments. As a leading bioenergy company, the Group is operating throughout the entire value chain, from procurement, production and distribution to sale of energy in the form of district heating, industrial steam, electricity and various biomass products, including energy recovery based on impregnated and treated wood and production of wood-based biomass.



## *District heating*

The Solör Group provides essential heat infrastructure, producing and distributing district heating for the public and private sectors in Sweden, Norway and Poland, with approximately 200,000 daily customers.

In Sweden and Norway, 99% and 96% of our fuels used in our district heating plants come from renewable sources, mainly biofuels based on locally sourced waste and residues from forestry and forest-based industries.

In Poland, the market is dominated by coal-based heating, and with 33% of our fuel coming from renewable sources, we are one of the leading providers of biomass-based district heating. We are also actively working to reduce the fossil component further. This is done through upgrade of existing plants to reduce coal consumption and investment in biomass boilers.

## *Local heating*

In addition to district heating, the Solör Group also provides local heating solutions in Sweden and Norway.

While district heating supplies a large network of customers, local heating involves a local heat plant that only serves one or a few buildings, with energy supply based on the specific energy demand of the particular buildings. In addition to heating, these systems can also deliver electricity and steam.

A majority of our local heating uses wood pellets as fuel. Fossil fuel is only used for peak-load and in case of unplanned breakdowns. Recently, 96% of fuel was sourced through pellets and other renewable sources.

## *Biofuels*

The Solör Group produces biofuels in the form of pellets and briquettes. These are produced from forestry waste such as fir and pine cutter shavings and thinnings, making them part of the natural carbon cycle.

In addition, we are the leading company in Sweden and Norway within energy recovery from impregnated and treated wood waste, primarily from railroad and construction sectors.

We collect and sort the waste in our environmental terminals where we separate the material that can be recycled, whereas the rest is processed into biomass for sales to our own energy plants and to external energy customers.

Our environmental terminals and district heating create an integrated value chain from the suppliers of wood waste to the producers of heat to the end users of district heating.

# Sustainability

In the Solör Group, we strive to have a fossil-free production of energy with an ambition to be climate neutral. By producing renewable energy and recycling hazardous wood waste, we wish to promote the transition towards an environmentally sustainable society. We are actively working to increase the proportion of biofuels, minimize the share of fossil fuels, reduce electricity consumption and increase efficiency in our production of energy.

Our operations require compliance with strict environmental regulations and codes in the countries where we operate, as well as permits and licenses. To ensure a consistently high quality, we benchmark our production facilities to identify improvement areas and implement best practice processes for all plants. To reduce our electricity use, we are installing metering devices to monitor electricity use, we are enhancing the efficiency of existing flue gas condensers, pumps, fans and compressors, and we are installing LED lighting.

## The UN Sustainable Development Goals

The Solör Group supports the UN Sustainable Development Goals, and we have identified four of the goals where we believe we can add most value.

### Environmental aspects

*Our overall ambition is to reach a fossil-free production of energy using forest resources in the form of waste and residues from the forest industry, creating energy that is part of the natural carbon cycle.*

### Personnel, social conditions and respect for human rights

*We have a strong focus on Health, Safety and Environment (HSE) with policies in place for Work environment, Gender equality, Equal treatment, and Alcohol and drugs. We believe working condition should be marketable, competitive and based on union agreements. We have zero tolerance for corruption in all aspects of our operations.*



**SDG 7: Ensure access to affordable, reliable, sustainable and modern energy**



**SDG 13: Take urgent action to combat climate change and its impacts**



**SDG 3: Ensure healthy lives and promote well-being for all at all ages**



**SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all**

# Green Finance Framework

The aim of BE Bio Energy Group AG, through its ownership in the Solör Group, is to produce energy with minimal environmental impact. To finance these ambitions, and to promote the transition towards a low-carbon and climate-resilient future, we have put in place this Green Finance Framework (the “Framework”).

This Green Finance Framework is aligned with the LMA Green Loan Principles and the ICMA Green Bond Principles, both published in 2018, and has been prepared in cooperation with DNB. The Framework covers the issuance of Green Loans and Green Bonds, collectively referred to as Green Finance Instruments, issued by BE Bio Energy Group AG, Nordic Infrastructure AG and the Solör Group, including Solör Bioenergi Holding AB and any of its wholly-owned subsidiaries.

The Framework defines the assets and projects eligible for financing by Green Finance Instruments and it also outlines the process used to evaluate, select, track and report on such investments.

## Use of Proceeds

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

Only such assets and projects that comply with the list of Green Projects below are deemed eligible to be financed with Green Finance Instruments. Net proceeds may be used for the financing of new assets and projects, as well as for refinancing purposes.

For the avoidance of doubt, Green Finance Instruments will not be used to finance investments linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction, gambling or tobacco.

## Green Projects

Green Finance Instruments issued under this Framework will finance and refinance investments and related expenditures within the following Green Project Categories. This also includes investments by the owners in share capital in the Solör Group, financing and refinancing of Green Projects as defined below, and where proceeds will be directly linked to the book value of the Green Projects, adjusted for the share of equity acquired.

### **Renewable Energy**

- **Biofuel production:** Facilities for producing biofuel based on forestry waste and residues as well as from recycled wood waste, such as impregnated and treated wood.
- **Heat, electricity and steam generation:** Facilities for district heating and local heating that use at least 95% wood-based biofuel as defined above, or facilities for recovering and distributing waste heat from nearby industries. Also including investments in converting facilities currently running on fossil fuel to reach the 95% threshold.
- **Transport:** Rail related infrastructure needed for the transport, loading, off-loading and storage of biomass to and from our production plants.
- **Transmission and distribution:** Distribution systems connecting end-users with district and local heating.

### **Pollution Prevention and Control**

- **Waste management:** Recycling facilities, such as environmental terminals handling impregnated and treated wood waste enabling recycling as well as energy recovery
- **Reduction of air and water pollutants:** Technologies and systems that reduce emissions to air and water, including nitrogen oxides, flue gas, sulphur, particle pollution and other toxic pollutants.

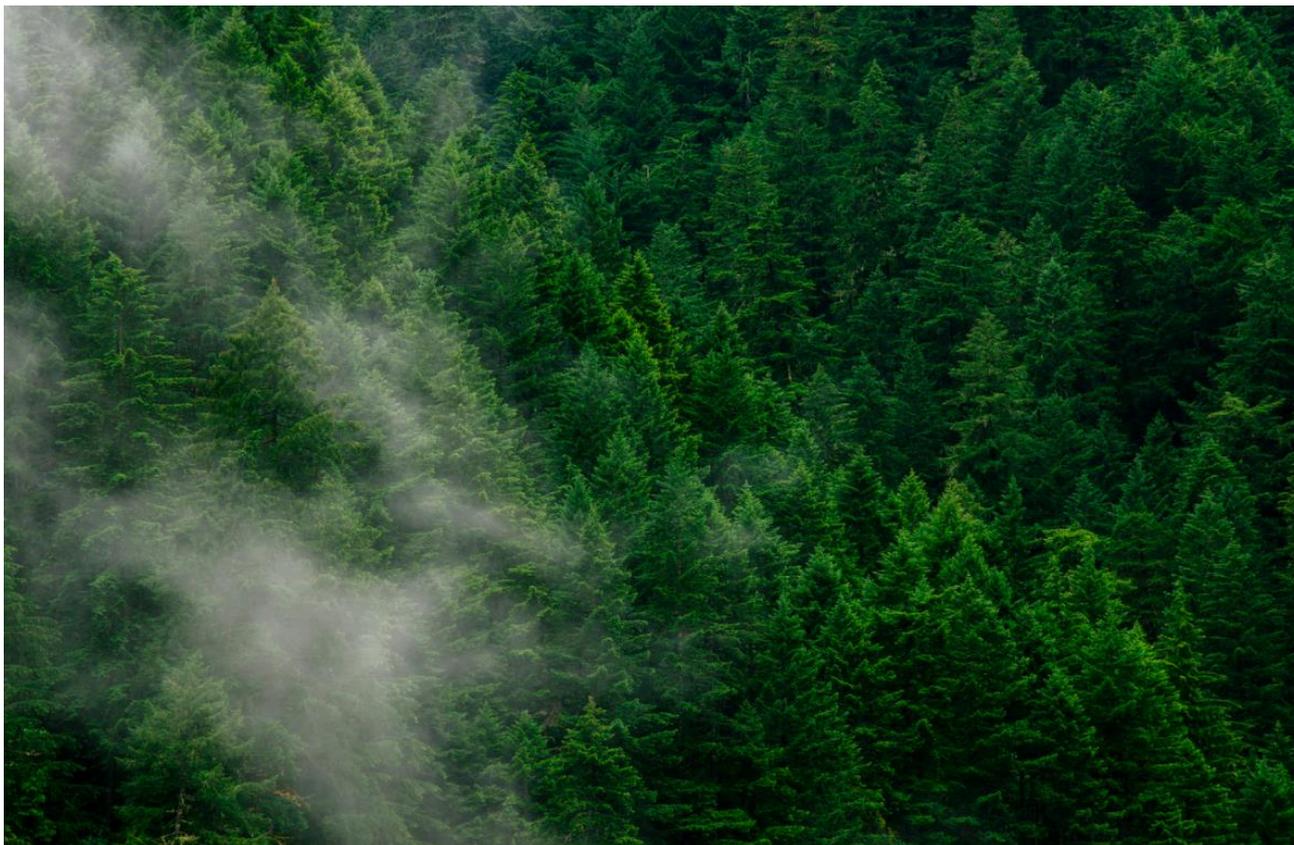
## Process for Project Evaluation and Selection

To ensure the transparency and accountability around the selection of Green Projects, BE Bio Energy Group AG together with the Solör Group have established an internal Green Finance Committee, being responsible for the evaluation and selection process. The Green Finance Committee consists of members from the management team in Solör Bioenergi Holding AB.

Only such assets and projects that comply with the Green Project criteria defined in the Use of Proceeds section of this Framework are eligible to be financed with Green Finance Instruments. The Green Finance

Committee will keep a register of all Green Projects, and to ensure transparency and traceability, all decisions made by the committee will be documented and filed.

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



## Management of Proceeds

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

The Finance department of Solör Bioenergi Holding AB will endeavor to ensure that the amount of Green Projects at all times exceed the total amount of Green Finance Instruments outstanding. If a Green Project already funded by Green Finance Instruments is sold,

or for other reasons loses its eligibility in line with the criteria in this Framework, it will be replaced by another qualifying Green Project if deemed necessary by the company.

Net proceeds from Green Finance Instruments awaiting allocation to Green Projects will be managed according to the overall liquidity management policy of the relevant issuer, and may be invested in short term money market instruments or held as cash.

## Reporting

To enable investors, lenders and other stakeholders to follow the development of the Green Projects funded by Green Finance Instruments, a Green Finance Report will be made available to relevant stakeholders. The Green Finance Report will include an Allocation Report and an Impact Report and be published annually as long as there are Green Finance Instruments outstanding.

### *Allocation Report*

The allocation report will include the following information.

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

### *Impact Report*

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

#### **Renewable Energy**

- Volume of produced biofuel
- Annual renewable energy generation capacity
- Annual renewable energy generation
- GHG savings

#### **Pollution Prevention and Control**

- Volume of recycled wood waste
- Energy recovered from wood waste
- Types and quantity of emissions/pollutants reduced

## External Review

BE Bio Energy Group AG and the Solör Group have obtained a Second Party Opinion from CICERO Shades of Green to confirm the transparency of this Green Finance Framework and its alignment with the LMA Green Loan Principles and the ICMA Green Bond Principles, both published in 2018. The Second Party Opinion will be made available on the Solör Group's website together with this Green Finance Framework.

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

