

Green Finance Framework

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

October 2023



BE Bio Energy Group AG and the Solör Bioenergi Group

Solör Bioenergi Holding AB is owned 60% by Nordic Infrastructure AG and 40% by Polhem Infra.

BE Bio Energy Group AG is an investment company domiciled in Switzerland owning 100% of Nordic Infrastructure AG.

Polhem Infra is owned by Första AP-fonden, Tredje AP-fonden och Fjärde AP-fonden, which manages part of the capital in Sweden's national income pension system.

The Solör Bioenergy 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 400,000 daily customers.

In Sweden and Norway, 98% respectively 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 30% 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 break-downs. 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 in our own operations by 2040. 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

Solör uses different forest and wood residues:

- Wood chips based on residues from sawmill production
- Bark residues from sawmill production
- Branches and tree tops (chopped into wood chips), residues from forest industry
- Wood chips from thinnings (i.e. when smaller trees are cut down in forest industry in order to enable growth of surrounding trees)
- Wood chips from thin logs and damaged trees (due to fires, insect manages etc)
- Waste wood/recycled wood i.e. wood from construction industry and recycling stations

In general the bioenergy is sourced very locally from the countries Solör Bioenergi is active in. The forest industry usually apply a cascade principle i.e. the logs are used to produce wood products and then the rest is used by paper industry and energy industry. Bioenergy used in sites above 20 MW has to fulfil EU sustainability criteria (part of EU renewable energy directive)¹ and Solör Bioenergi has chosen to implement these criteria also for smaller sites. The countries of origin for our bioenergy is publicly available on our webpage².

¹ <https://www.energimyndigheten.se/en/sustainability/sustainable-fuels/sustainability-criteria-for-biofuels-and-bioliquids/>

² Where does the biofuel come from? - Solör Bioenergi (solorbioenergi.com)

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 most recent versions (as of October 2023) of the LMA Green Loan Principles and the ICMA Green Bond Principles, and has originally been prepared in cooperation with DNB 2020 (updated 2023). The Framework covers the issuance of Green Loans, Green Notes 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 instruments issued under Green Finance Framework will represent debt financing instruments.

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.

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
- **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.

The Green Bond principle explicitly recognise several broad categories of eligibility for Green Projects, which contribute to environmental objectives such as: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control. The Pollution Prevention and Control category contribute to environmental objective pollution prevention and control, whilst Renewable Energy contribute to Climate Change Mitigation since the renewable energy replace fossil energy and hence reduce fossil emissions which causes climate change.

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.

Solör Bioenergi has a process to identify and manage perceived social and environmental risks. Solör Bioenergi has policies in place which are implemented in the organization which guide the organization in its decisions. These policies can be provided upon request and include:

- Alcohol policy
- Working environment policy
- Ethical guidelines
- Health, environment and safety policy and Health, environment and safety guideline
- Manual for how our Health, environment and safety incident reporting tool works
- Cyber security policy and Routine for IT deliveries
- Equality policy and Non-discrimination policy
- Environmental policy
- HR handbook
- Whistleblowing function information and Whistleblowing function guideline

Solör Bioenergi has also carried out climate risk assessment and evaluation (2023) to further provide support for the organization in risk mitigation. In general the climate risk assessment showed low risks, as Solör Bioenergi's business contributes to environmental objectives.



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 S&P Global to confirm the transparency of this Green Finance Framework and its alignment with the LMA Green Loan Principles and the ICMA Green Bond Principles. The Green Finance Framework is updated consecutively with a second party opinion. The Second Party Opinion is 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 review the net proceeds from issued Green Finance Instruments which have been allocated to Green Projects. The Green Finance Reporting is carried out consecutively.

