

**Norion Bank**  
Group

# Green Bond Framework

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# Content

- 3** Norion Bank at a glance
- 5** Norion Bank's sustainability framework
- 9** Governance & reporting
- 10** The UN's Sustainable Development Goals
- 11** The Green Bond Framework
- 12** Use of proceeds
- 14** Process for project evaluation and selection
- 15** Management of proceeds
- 15** Reporting
- 15** External review



# Norion Bank at a glance

Norion Bank Group is a business-oriented Nordic financing bank. The Group's brands – Norion Bank, Walley and Collector – offer customized financing solutions that meet distinct needs in three customer segments: medium-sized corporates and real estate companies, merchants, and private individuals. As a specialist in financing solutions, Norion Bank Group is a leading complement to traditional large banks, with a vision of being the leading Nordic financing bank in its chosen segments.

Norion Bank offers corporate and real estate loans, as well as factoring for medium-sized corporates and real estate companies. The Walley brand offers flexible payment and checkout solutions to merchants and private individuals. The Collector brand offers personal loans and credit cards to private customers, as well as savings accounts to private individuals and companies. Norion Bank Group (formerly Collector Bank) was founded in 1999 and has offices in Gothenburg, Stockholm, Helsingborg, Oslo and Helsinki. Business is conducted through Norion Bank AB (public) ("Norion Bank" or "the Bank"), which is listed on Nasdaq Stockholm. As of December 31 2023, The Bank's loan portfolio amounted to SEK 45,470m and total income amounted to SEK 934m.

## Four segments

### Corporate

Norion Bank offers corporate loans and factoring in mainly Sweden, Norway and Finland. Corporate loans are issued to companies against collateral. Factoring solutions primarily comprise purchasing of invoices both with and without right of recourse. As of December 31 2023, the Corporate segment constituted 21% of Norion Bank's total loan portfolio.

### Real Estate

Norion Bank offers real estate loans, focusing on the Nordic region and Germany. Real estate loans are issued to companies against collateral. Norion Bank offers both junior and senior lending. Financing is provided mainly for residential and office properties but also to industrial and other properties. As of December 31 2023, the Real Estate segment constituted 47% of Norion Bank's total loan portfolio.

### Consumer

Unsecured loans are offered to private individuals in Sweden and Finland under the Collector brand. Sales are made through loan intermediaries and through the Bank's own channels. Collector also offers credit cards, with approximately 24,000 cards outstanding as well as savings accounts. As of December 31 2023, the Consumer segment constituted 24% of Norion Bank's total loan portfolio.

### Payments

The bank offers payment and checkout solutions for e-commerce and retail chains under the Walley brand primarily in Sweden, Finland and Norway. The offer also includes invoice and payment by instalment services for private individuals as well as business to business. As of December 31 2023, the payments segment constituted 6% of Norion's total loan portfolio.



# Norion Bank's sustainability framework

Norion Bank has a great responsibility to contribute to a more sustainable economy for both customers and the society in which the Bank operates. The Bank wants to be a long-term partner to both companies and individuals by running a business that in all parts creates a sustainable economic, social, and environmental value.

By being Business-minded, Committed and Caring, Norion Bank enables customers to grow and develop sustainably. These core values constitute the Focus areas within the Bank's sustainability strategy. In addition, the core values are fundamental to how the Bank conducts its daily business and are integrated into policy documents and ways of working. They describe how the Bank wants to be and be perceived – how the Bank should act in its relationships with customers, partners and colleagues.

Norion Bank's overall ambition is to in a measurable way contribute to the UN's global goals for sustainable development by 2030, as well as reaching the Paris Agreement's goal of keeping global warming well below 2 degrees. The Bank wants to increase the positive and reduce the negative impacts from the Bank's financing activities. The Bank has identified ambitions and activities within each strategic focus area to realize this. The long-term ambitions will be realized by identifying activities and goals for the near term. Those activities and goals will over time be updated and developed to gradually bring the bank closer to the 2030 goal.

For the year 2023, the activities and goals for the Focus areas within the Bank's sustainability strategy were as follows:



## Business-minded

Being business-minded, Norion Bank is a professional partner providing responsible financing through a sound credit process, thereby enabling a sustainable development for the bank and its customers.

### SUSTAINABILITY GOALS

- ▶ Contribute annually to improving the financial health and preventing over indebtedness of its private individual customers
- ▶ Continue the mapping of green credits in the Real Estate and Corporate segments during 2023
- ▶ Set targets for the green development of the credit portfolio in the Real Estate and Corporate segments by 2024



## Committed

Norion Bank creates conditions for its employees to feel ownership and responsibility in their roles, as well as give them the necessary sustainability skills to build long-term success for both the bank and its customers.

### SUSTAINABILITY GOALS

- ▶ Annually achieve an employee index above 85%
- ▶ Continue to develop knowledge and understanding within sustainability for employees during 2023
- ▶ Investigate the feasibility of integrating sustainability aspects into evaluation processes for relevant employee groups by 2024



## Caring

With a structured and transparent way of working, Norion Bank is a reliable partner that conducts business with care for its surroundings, its customers and its employees.

### SUSTAINABILITY GOALS

- ▶ Deliver annually on Norion Bank's vision of zero complaints about customer integrity, anti-corruption, and marketing
- ▶ Continue mapping Norion Bank's Scope 3 emissions, including the credit portfolio, during 2023
- ▶ Be climate neutral in terms of Norion Bank's own operations (Scope 1 & 2), which may include carbon offsetting if needed, by 2025



# Sustainable lending in Norion Bank

## **Sustainable lending process**

By integrating and assessing companies' sustainability work in the credit process that governs the Bank's corporate and real estate lending, Norion Bank can contribute to emission reductions as well as sustainable social developments. During 2022, the lending process in the Corporate and Real Estate segment was further developed to reflect this and the Bank's updated sustainability requirements. A red list has been established that excludes certain economic activities from the credit portfolio based on both products and norms. Updated policies and procedures allow Norion Bank to contribute to greater respect for human rights, better working conditions and reduced emissions. In addition, Norion Bank plans to launch a green product offering to incentivize its customers to reduce their climate impact even further.

## **Sustainability risks and opportunities in the corporate portfolio**

The Bank's lending process provides clear identification of sustainability related risks and opportunities in the corporate and real estate portfolio. The Bank has established sustainability monitoring of the existing portfolio, with 21% of the corporate and real estate portfolio being reviewed in 2022. The review of the corporate and real estate portfolio is based on the TCFD's<sup>1</sup> recommendations and as a next step, the Bank aims to conduct scenario analysis of climate-intensive corporate clients. This process started with the initial mapping exercise in 2022 and continues annually to expand the coverage of the corporate and real estate portfolio.

## **Climate neutral business**

Norion Bank's environmental policy guides the Bank's work on how the Bank can reduce its climate impact through informed decisions that take climate and environmental issues into account. To align operations with the Paris Agreement, Norion Bank has set the goal to be a climate-neutral business by 2025. This means that by then, the Bank will have net zero greenhouse gas emissions from Scope 1 and 2, including energy consumption and company cars. The Bank can make a direct climate impact improvement in own operations, where the energy consumed by IT servers, the heating of premises, and business travel, constitute the largest share.

Further, Norion Bank is aware that most of the climate impact that the Bank contributes to stems from the products and services that Norion Bank offers its customers. Since 2021, the Bank has started mapping the Bank's Scope 3 emissions with a focus on the corporate and real estate lending portfolio. The goal is for Norion Bank's total Scope 3 emissions to be mapped by 2024.

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<sup>1</sup> Task Force on Climate-related Financial Disclosures

# Norion Bank's community engagement

Norion Bank is confident that the Bank can make a substantial contribution impacting both environmental and social aspects in its partnership with customers, offering them support throughout their transition journey. The Bank wants to enable its customers to continue to grow and prosper, and together with them contribute to a sustainable development. This can be highlighted through the initiatives below.

## **Corporate Accelerator**

Norion Bank has established and leads the Corporate Accelerator program – an educational program targeting small and medium-sized companies with a clear focus on growth. The goal is to, through additional knowledge and a broader network, help businesses grow and develop their operations. The educational program is led by Norion Bank employees alongside external experts in various fields. The program focuses on topics such as growth strategy, innovation, financial markets, and leadership.

## **Ung Företagsamhet**

Norion Bank is a partner of Junior Achievement Sweden (Ung Företagsamhet), a politically independent nonprofit educational organization that is part of the global Junior Achievement organization. The partnership is aligned with the Bank's core business and aims to support the development of business ideas of young talent, thus inspiring and encouraging young people to start businesses. By supporting tomorrow's entrepreneurs, Norion Bank wants to contribute to a sustainable future, with a society and business community that function well economically.





# Governance & reporting

## **Governance structure**

The Board is ultimately responsible for sustainability within the Bank and it establishes policy frameworks and control processes. The CEO and Chief Sustainability Officer are responsible for integrating sustainability into the business, and the Ethics Committee has been set up by the CEO to provide a decision-making forum for sustainability issues that need special attention.

## **Sustainability related policies**

Norion Bank has published policy documents and reports relevant to sustainability on the Bank's website to increase transparency towards stakeholders, these include:

- ▶ Annual sustainability reports
- ▶ Sustainability Policy
- ▶ Environmental Policy
- ▶ Red list, exclusions

## **Agreements and commitments**

In 2021 the Bank signed the UN Principles for Responsible Banking (PRB). The principles aim to set the framework for a sustainable banking system that drives the global economy in a sustainable direction.

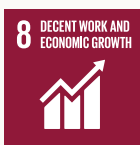
In 2021 the Bank signed the UN Global Compact which sets 10 principles for human rights, labour, environment and anticorruption thereby committing to implement those principles throughout the bank.

In 2021, the Swedish Bankers' Association, which Norion Bank is a member of, developed a joint climate roadmap for the Swedish banking industry. Member banks thereby pledge to adapt their operations to help Sweden reach the climate target of net-zero emissions by 2045.



# The United Nations Sustainable Development Goals

As part of the Bank's commitment to support a responsible financial market, an impact assessment has been conducted determining the bank's contribution to the 2030 Agenda. The analysis shows that the Bank's main impact on the outside world is through the credit portfolio, i.e. which businesses the bank chooses to finance. The four SDGs on which the Bank's activities have the greatest impact, in both positive and negative terms, are:



Through its lending activities Norion Bank directly and indirectly drives economic development by supporting companies, jobs and growth in society, and providing access to capital for private individuals. The Bank works for financial inclusion. Norion Bank wants to be a long-term partner to its customers and help them to understand their sustainability risks.



Norion Bank contributes to inclusive, innovative and resilient cities through its growing Real Estate segment. In 2022, Norion Bank further developed tools to analyze, document and control sustainability risks in the real estate sector and in order to map the portfolio's green buildings.



Norion Bank does business with care for its surroundings. This means reducing the Bank's own direct and indirect emissions, as well as reducing the emissions of the corporate credit portfolio. This is done by Norion Bank being a professional partner that assists clients in transforming business plans to be resilient during the global climate transition.



Sustainable development is based on a society at peace. Norion Bank's activities shall contribute to financial stability. The Bank shall be a reliable partner at all the different stages of its activities, countering all forms of corruption, money laundering and cybercrime.

# The Green Bond Framework

## **Rationale for Norion Bank's Green Bond Framework**

The objective of this Green Bond Framework (the "Framework") is to employ debt capital for the promotion of a society that is resilient to climate change, and environmentally sustainable. This Framework has been developed in alignment with the International Capital Markets Association's (ICMA) Green Bond Principles of 2021 ("GBP")<sup>2</sup> and it defines the loans eligible for funding through the issuance of Norion Bank's "Green Bonds". The Framework is applicable for issuance of Green bonds (in several formats incl. Senior Preferred and Senior Non-Preferred) and other types of debt instruments.

The Framework is based on the four core components of the GBP along with its recommendation of external review:

- ▶ Use of Proceeds
- ▶ Process for Asset Evaluation and Selection
- ▶ Management of Proceeds
- ▶ Reporting

The terms and conditions stipulated in the accompanying legal documentation for each Green Bond will make reference to this Framework.

Swedbank has acted as advisor to Norion Bank in the establishment of this Framework.



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<sup>2</sup> Green Bond Principles published in June 2021 (with June 2022 Appendix I) are Voluntary Process Guidelines for Issuing Green Bonds established by International Capital Markets Association ("ICMA")

## Use of Proceeds

### **Green Loans**

An amount equivalent to the net proceeds from Norion Bank's Green bonds shall be used to finance or refinance Green Loans providing distinct environmental benefits ("Green Loans"). Geographies include Sweden, Denmark, Finland, Norway and Germany. Green Loans are disbursed term loans or building rights or credit facilities (the latter mentioned is applicable for "Green buildings"). The Bank will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Green Loans. Information on planned allocation of proceeds by green loan category will be disclosed at pre-issuance for each Green bond.

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### **Financing and refinancing**

New financing is defined as Green Loans disbursed during the reporting year. Refinancing is defined as Green Loans disbursed before the reporting year. The distribution between financing and refinancing will be reported in Norion Bank's annual allocation and impact report.

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### **Exclusion criteria**










The net proceeds of Norion Bank's Green bonds will not be used to finance either, weapons, or military equipment or potentially environmentally negative resource extraction, products for gaming (e.g. online betting or online casinos), pornographic material or tobacco. Fossil energy generation will be excluded as well.

The exclusion list for all lending activities is available on the Bank's website; [www.norionbank.se](http://www.norionbank.se)

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### **EU Taxonomy**

Norion Bank acknowledges the importance of uniform requirements for activities to qualify as sustainable. The eligible Green Loan categories aim to contribute to the EU Taxonomy environmental objectives and align, on a best effort basis, with the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act. The Do No Significant Harm (DNSH) principles and Minimum Social Safeguards are subject for further evaluation and thus not taken into account.

Green Loan categories	Sub-categories	Related SDG	EU Taxonomy environmental objectives
<b>Green buildings</b>	<p><b>New buildings</b> (built after 31 December 2020) Green buildings, either residential or commercial real estate that meet criteria i. or ii. or iii. And if larger than 5000m<sup>2</sup> also criteria iv., subject to data availability:</p> <ul style="list-style-type: none"> <li>i. Buildings with a Primary Energy Demand (PED) at least 10% lower than the threshold set for Nearly Zero-Energy Building (NZEB) requirements according to national building regulations, or</li> <li>ii. Buildings that meet the requirements of Miljöbyggnad Silver, BREEAM Very Good, LEED Gold, DGNB Gold or an equivalent level, or</li> <li>iii. Buildings with an energy performance certificate (EPC) of class A</li> <li>iv. For buildings larger than 5000m<sup>2</sup>: <ul style="list-style-type: none"> <li>• upon completion, the building resulting from the construction undergoes testing for airtightness and thermal integrity, and</li> <li>• the life-cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the Life Cycle</li> </ul> </li> </ul> <p><b>Existing buildings</b> (built before 31 December 2020) Ownership or acquisition of buildings, either residential or commercial real estate that meet either criteria i. or ii.</p> <ul style="list-style-type: none"> <li>i. Buildings with EPC A or within top 15% of the national or regional building stock expressed as operational PED and demonstrated by adequate evidence, or</li> <li>ii. Buildings that meet the requirements of Miljöbyggnad Silver, Miljöbyggnad iDrift Silver, BREEAM Very Good, BREEAM In-Use Very Good, LEED Gold, DGNB Gold or an equivalent level</li> </ul> <p><b>Major renovations</b> Major renovations of either residential or commercial real estate</p> <ul style="list-style-type: none"> <li>i. Major renovations leading to primary energy savings of at least 30%</li> </ul>	 	Climate change mitigation
<b>Energy efficiency</b>	Energy efficiency projects such as technology, energy storage, smart power grid solutions, improvements in ventilation systems, extension of district heating and cooling systems		Climate change mitigation
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>i. Solar power</li> <li>ii. Wind power</li> </ul>		Climate change mitigation
<b>Clean transportation</b>	<ul style="list-style-type: none"> <li>i. Fossil-free vehicles powered by electricity</li> <li>ii. Infrastructure for clean transportation including bicycle and pedestrian infrastructure and electric charging points</li> </ul>		Pollution prevention & control
<b>Climate change adaption</b>	<p>Climate adaptation measures such as:</p> <p><b>Green buildings</b></p> <ul style="list-style-type: none"> <li>i. Green roofs and green walls with substantial contribution to climate change adaptation in accordance with European taxonomy framework SWD (2023) 239</li> <li>ii. infrastructure designed to provide protection against flooding (flood defence and stormwater management systems)</li> </ul> <p><b>Biodiversity</b></p> <ul style="list-style-type: none"> <li>i. Projects aiming at conservation, restoration, preservation of degraded ecosystems such as reduction of marine pollution or restoration of natural landscapes or increasing urban green areas</li> </ul>	  	Climate Change Adaptation
<b>Circular economy adapted products, production technologies and processes</b>	<p>The promotion of resource efficiency and the transition towards a circular economy such as:</p> <ul style="list-style-type: none"> <li>i. Products, production technologies and processes where there is a significant reduction in the use of virgin materials and/or natural resources in one or more stages of the targeted life-cycle</li> <li>ii. Plastic as a raw material and/or product, which is fully manufactured by the mechanical recycling of plastic waste</li> <li>iii. Recycling of end-of-life batteries</li> <li>iv. Manufacturing of rechargeable batteries</li> </ul>		Transition to a circular economy

# Process for Asset Evaluation & Selection

## **Selection of Green Loans**

The evaluation and selection process for Green Loans is a key process in ensuring that the amount equivalent to the net proceeds from Green bonds are allocated to loans which meet the criteria in the Framework. The process establishes and explains the internal procedures for the evaluation, selection, approval, and registration of Green Loans that are eligible for inclusion in the Green register. The process is based on the criteria and components described in the Framework. The process will also ensure that Green bond proceeds do not fund activities falling outside the criteria for Green Loans.

## **Green Bond Committee**

The Green Bond Committee (“GBC”) established by the Bank is a cornerstone in the selection process. The GBC will meet on a regular basis (at least annually) and will conduct a review on the selected loans to ensure ongoing compliance with the eligibility criteria as well as annual reporting. The GBC consists of representatives from Sustainability, Real Estate & Corporate segments, Treasury and Credit. Norion Bank will assure that the sustainability expertise always lies within the GBC. All decisions are made in consensus, and this applies to the selection process of Green Loans as well.

## **The Credit process**

Green Loans are subject to the Bank’s credit process which intends to ensure compliance with applicable national regulations, the Bank’s own policies and guidelines and includes a Know-Your-Customer (KYC) procedure, sustainability assessment (see more details below), credit risk analysis, and finally a credit decision in the credit committee. Only assets approved in the regular credit process can be eligible for Green bond issuances; the qualification for green criteria does not override credit risks.

For all loans, a sustainability assessment is done based on the Bank’s Sustainability Policy & Red List that excludes certain economic activities from the credit portfolio based on both products and norm. The assessment covers sector specific risks, exclusion criteria, climate related risk, social sustainability, governance, sustainability reputational risks and an initial assessment of eligibility for Green bond issuances.

## **The Green Register**

In addition, to qualify as a Green Loan, the loan must meet the criteria defined in the Use of Proceeds section of this Framework. Only such loans that meet these criteria are eligible to be financed with Green Bonds being issued under this Framework. Green Loans are recorded in the “Green Register”.

Relevant business units in Norion Bank, such as corporate advisors, can nominate loans for inclusion in the Green Register.

## **Further responsibilities of the GBC**

The Bank will follow the development of the Green Bond market and manage any future updates of this Framework to reflect current and future market practices (e.g., related to the EU Taxonomy) and potential updates to the GBP.

The Green Register is monitored on a regular basis during the term of the Green Bonds to ensure that the proceeds are sufficiently allocated to Green Loans. Further, if the GBC identifies loans which do not qualify under the Framework, the GBC has the authority to remove the loans from the Green Register.

# Management of Proceeds

## Tracking of net proceeds

Equivalent to the net proceeds from Norion Bank's Green bonds will be tracked by using the Green Register. Information available in the Green Register will in turn serve as basis for regular reporting (see Section Reporting) and will be verified by an external party (see Section "External review"). All Green bonds issued by the Bank will be managed on a portfolio level. This means that a Green bond will not be linked directly to one (or more) pre-determined Green Loans. Green Loans can, whenever warranted, be removed or added to/from the Green Loans' portfolio.

## Temporary holdings

Any unallocated proceeds temporary held by the Bank will be invested in accordance with the internal requirements for the liquidity reserve. Should there be any unallocated proceeds the Bank strives to allocate them within one year. The Treasury Department is responsible for the management of proceeds.

# Reporting

To enable investors, and other stakeholders to follow the development of the Green Loans funded by Green Bonds, a Green Bond Report will be made available on the Bank's website. The Green Bond Report will include an allocation report and an impact report which will be published annually, until allocation and in the event of any material developments, as long as there are Green Bonds outstanding.

## Allocation reporting

The allocation report will include the following information:

- ▶ Total amount of Green Bonds issued
- ▶ Share of proceeds used for financing/re-financing as well as share of proceeds used for categories described in Section "Use of Proceeds"
- ▶ Share of unallocated proceeds (if any)

## Impact reporting

The impact report aims to disclose the environmental-related impact of the Green Loans financed under this Framework. Note that if all data cannot be collected, the impact assessment/calculations will be on a best effort basis. The impact assessment will include some of the following impact indicators:

- ▶ Annual energy saved (MWh)
- ▶ Installed capacity (MWh) or expected annual generation (MWh)
- ▶ Estimated avoided annual greenhouse gas emissions (tCO<sub>2</sub>e)
- ▶ Number of fossil-free vehicles deployed
- ▶ Number of electric vehicles charging points installed

# External review

## Second Opinion

To confirm the transparency and robustness of Norion Bank's Green Bond Framework, it is verified and approved by an external second opinion provider. The second opinion by ISS Corporate Solutions is available on Norion Bank's website; [www.norionbank.se](http://www.norionbank.se)

## External verification

Allocation of proceeds will be subject to an annual review by an independent party until allocation and in the event of any material developments. The verification report provided by the independent party will be published on Norion Bank's website; [www.norionbank.se](http://www.norionbank.se)

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