

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Norion Bank AB

21 December 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Bonds
Relevant standards	<ul style="list-style-type: none">Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
Scope of verification	<ul style="list-style-type: none">Norion Bank AB Green Bond Framework (as of December 20, 2023)Norion Bank AB Eligibility Criteria (as of December 20, 2023)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Norion Bank AB (“the Issuer”, “the Bank”, or “Norion Bank”) commissioned ISS Corporate Solutions (ISS-Corporate) to assist with its Green Bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. Norion Bank’s Green Bond Framework (as of December 20, 2023) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
2. The Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transactions to Norion Bank’s overall Environmental, Social, and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.

NORION BANK BUSINESS OVERVIEW

Norion Bank AB engages in the provision of financial solutions to private and corporate customers and is classified in the Commercial Banks industry, as per ISS ESG’s sector classification. It offers personal loans, invoice & partial payment services, credit cards and savings accounts for private individuals, and real estate loans, business loans and factoring as well as payment & checkout solutions for companies. The company was founded in 1999 and is headquartered in Gothenburg, Sweden.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part I:</p> <p>Alignment with GBP</p>	<p>The Issuer has defined a formal concept for its Green Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the Eligibility Criteria</p>	<p>The Green Bonds will (re)finance eligible asset categories which include:</p> <p>Green categories: Green Buildings, Energy Efficiency, Renewable Energy, Clean Transportation, Sustainable Aquaculture, Climate Change Adaptation, Circular Economy.</p> <p>Product and/or service-related use of proceeds categories² individually contribute to one or more of the following SDGs:</p> <div data-bbox="639 1131 992 1247" style="text-align: center;">  </div> <p>Process-related use of proceeds categories³ individually improve (i) the Issuer's/Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's/Borrower's sector on one or more of the following SDGs:</p> <div data-bbox="699 1512 933 1628" style="text-align: center;">  </div> <p>The environmental and social risks associated with those use of proceeds categories are managed.</p>	<p>Positive</p>

¹ The evaluation is based on Norion Bank's Green Bond Framework (November 2023 version), on the analysed Eligibility Criteria as received on December 20, 2023, and on the ISS ESG Corporate Rating updated on December 11, 2022 and applicable at the SPO delivery date.

² Green Buildings, Energy Efficiency, Renewable Energy, Clean Transportation, Sustainable Aquaculture, Climate Change Adaptation, Circular Economy.

³ Green Buildings.

<p>Part III:</p> <p>Linking the transaction(s) to Norion Bank's ESG profile</p>	<p>The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. The majority of the project categories considered are in line with the sustainability objectives of the Issuer.</p>	<p>Consistent with Issuer's sustainability strategy</p>
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SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES

This section evaluates the alignment of the Norion Bank’s Green Bond Framework (as of December 20, 2023) with the Green Bond Principles.

GREEN BOND PRINCIPLES	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by Norion Bank’s Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The Issuer’s green categories align with the project categories as proposed by the Green Bond Principles. Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category will be provided at pre-issuance and environmental benefits are described.</p> <p>The Issuer defines exclusion criteria for harmful projects categories, in line with best market practice.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Norion Bank’s Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer involves various stakeholders in this process and identifies alignment of their Green Bond Framework and their green projects with the EU taxonomy, in line with best market practice.</p>

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Norion Bank’s Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer has defined an expected allocation period of 12 months, in line with best market practice.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Norion Bank’s Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Norion Bank explains that the level of expected reporting will be at project category level and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the level and on the information reported in the impact report, as well as the frequency and duration of impact reporting. The Issuer also discloses the location of the reports and commits to get the allocation report audited by an external party, in line with best market practices.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs⁴

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Green Bonds' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>New buildings (built after 31 December 2020) Green buildings, either residential or commercial real estate that meet at least one of the following criteria:</i></p> <ul style="list-style-type: none"> ▪ <i>Buildings with a Primary Energy</i> 	<p>Contribution</p>	

⁴ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

Demand (PED) at least 10% lower than the threshold set for Nearly Zero-Energy Building (NZEB) requirements according to national building regulations, or

- *Buildings with an energy performance certificate (EPC) of class A.*

Green Buildings

New buildings (built after 31 December 2020)

Green buildings, either residential or commercial real estate that meet the following criteria:

- *Buildings that meet the requirements of Miljöbyggnad Silver, BREEAM Very Good, LEED Gold, DGNB Gold or an equivalent level.⁵*

Green Buildings

New buildings (built after 31 December 2020)

For buildings larger than 5000m²:

- *Upon completion, the building resulting from the construction undergoes testing for airtightness and thermal integrity, and the life-cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the Life Cycle.*

Green Buildings

Existing buildings (built before 31 December 2020)

Ownership or acquisition of buildings, either residential or commercial real estate that meet the following criteria:

- *Buildings with EPC A or within top 15% of the national or regional building stock expressed as operational PED and demonstrated by adequate evidence.*



⁵ The assessment is limited to the certificates listed in this Framework.

Green Buildings

Existing buildings (built before 31 December 2020)

Ownership or acquisition of buildings, either residential or commercial real estate that meet the following criteria:

- *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.⁶*

Renewable Energy

- *Solar power*
- *Wind power*

Energy Efficiency

Energy efficiency projects such as technology, energy storage, smart power grid solutions, improvements in ventilation systems, and extensions of district heating and cooling systems and heat pumps.⁷

Clean Transportation

- *Fossil-free vehicles powered by electricity.*
- *Infrastructure for clean transportation including bicycle and pedestrian infrastructure and electric charging points.*

Climate Change Adaptation

Climate adaptation measures such as:

Green roofs and green walls with substantial contribution to climate change adaptation in accordance with the European Taxonomy Framework SWD (2023) 239.⁸



⁶ Ibid.

⁷ Limited to district heating and cooling systems using at least 50% renewable, or 50% waste heat, or 75% cogenerated heat or 50% of a combination of such energy and heat.

⁸ The Issuer confirms that the category complies with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369.

Climate Change Adaptation

Climate adaptation measures such as:

Infrastructure designed to provide protection against flooding (flood defence and stormwater management systems).⁹

Contribution



Climate Change Adaptation

Projects aiming at conservation, restoration, preservation of degraded ecosystems such as restoration of natural landscapes or increasing urban green areas.¹⁰

Contribution



Climate Change Adaptation

Projects aiming at conservation, restoration, and preservation of degraded ecosystems such as reduction of marine pollution.¹¹

Contribution



Circular Economy

The promotion of resource efficiency and the transition towards a circular economy such as:

- *Products, production technologies and processes, such as waste-to-energy power plants or other recycling activities, where there is a significant reduction¹² in the use of virgin materials and/or natural resources in one or more stages of the targeted life cycle.*
- *Plastic as a raw material and/or product, which is fully manufactured by the mechanical recycling of plastic waste.*

Contribution



⁹ The beneficiary will need to have assessed physical climate risks and vulnerabilities to be eligible to be included. The Banks Green bond committee will make a decision whether the project address the identified risks and vulnerabilities as well as the assessment being robust. There need to be studies that have documented the potential risks of the area. For example, the Swedish Civil Contingencies Agency are listing areas which have an increased risk of flooding. The project can't go against adaptation plans made by the municipal council or other local governing body. E.g. Stockholm Stad adaptation plan for climate adaptation (2021/12/13).

¹⁰ The Issuer confirms that the category initiates or accelerates the recovery of an ecosystem from a degraded state without previously being detrimental,

¹¹ Ibid.

¹² The Issuer has not established a threshold, but ambitiousness of the reduction will be decided by the Green Bond Committee on a case-by-case basis following reviews.

Circular Economy

*The promotion of resource efficiency and the transition towards a circular economy such as:
Recycling of end-of-life batteries.*

Contribution



Circular Economy

*The promotion of resource efficiency and the transition towards a circular economy such as:
Manufacturing of rechargeable batteries.*

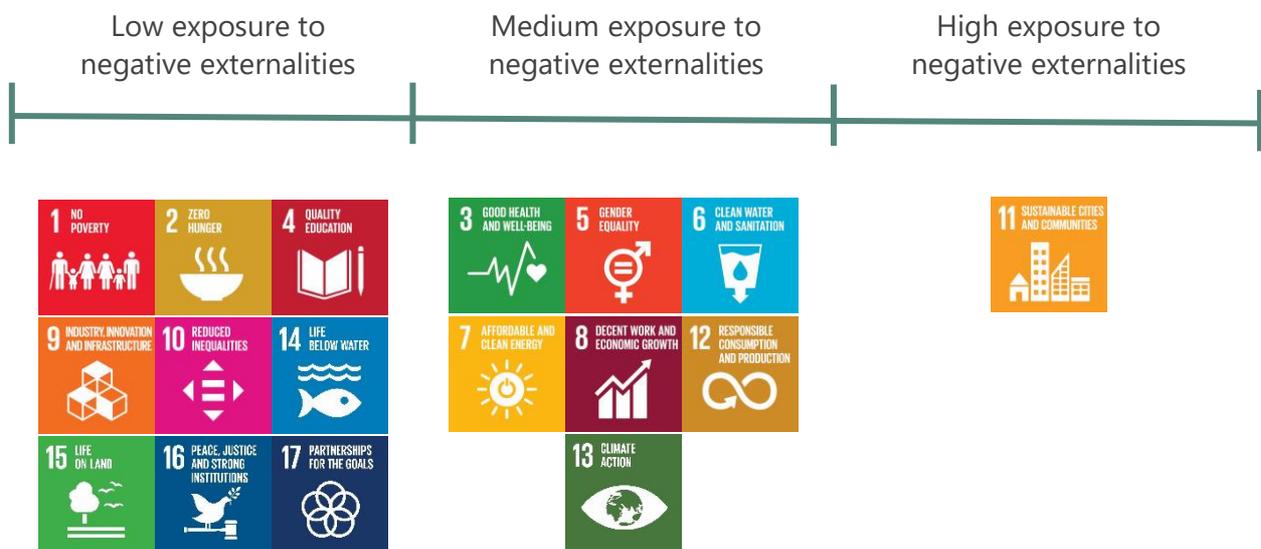
Contribution



2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities¹³ in the Real Estate industry (which Norion Bank finances) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ¹⁴	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>Major renovations of either residential or commercial real estate:</i></p> <p><i>Major renovations leading to primary energy savings of at least 30%</i></p>		

¹³ Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3 of the SPO.

¹⁴ Only the direction of change is displayed.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. The entirety of the assets are and will be located in Sweden, Norway, Finland, Denmark, and Germany.

ASSESSMENT AGAINST KPIs

ESG guidelines into lending/investment process

Norion Bank confirms that the projects financed under this Framework will be located in Sweden, Norway, Finland, Denmark, and Germany. Norion Bank has an established Environmental, Social, and Governance (ESG) Assessment which is incorporated into the Credit Process for all Corporate and Real Estate lending. The ESG Assessment involves a systematic evaluation of potential assets against pre-defined ESG criteria which includes sector-specific risks concerning human rights, climate change, biodiversity, sustainability, governance, reputation, and exclusion criteria. Additionally, Norion Bank has an Ethical Committee (EC) in place that serves as an assessing and consulting tool for customer and credit sustainability risks based on the Issuer’s sustainability-related sector guidelines. If there is any ethical or sustainability uncertainty, the EC is consulted regarding the sustainability risk aspects. The credit decision depends on EC’s approval or rejection. If a credit is rejected by the EC it will not be granted. Furthermore, the Bank maintains systematic reviews of existing credits, including ESG assessments, to evaluate if any new risk has emerged, and how previous risks (if any) are being managed by the lender. If a significant change in risk assessment is observed, the Bank may, subject to terms, conditions, and client dialogue, terminate the credit agreement.

For the projects financed under this Framework, the Green Bond Committee will perform a yearly review independent of the above procedure, to ensure the assets included remain qualified under the framework. Moreover, Norion Bank works with Position Green, an E&S Management System provider, that supports both the ESG Assessment part of the Credit Process but also in portfolio assessments such as Scope 3 emissions.

Norion Bank will report in line with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) based on July 2023 updates.

Labour, Health and Safety



The assets receiving financing under this Framework are located in Sweden, Norway, Finland, Denmark, and Germany, where high health & safety and labor standards are ensured by the relevant national legislation and the European Union mandatory social standards, as well as the Equator Principles. Furthermore, Norion Bank’s borrowers are obligated to comply with ILO core conventions, the UN Global Compact and Equator Principles (EP). Norion Bank also monitors social and governance indicators including labor, health, and safety standards within its ESG Assessment process.

Biodiversity



The financed activities feature the respect of biodiversity as an integral part of the planning process. Norion Bank's borrowers are obligated to respect the high standards under the regulation associated with being a part of Equator Principles Designated Countries, maintaining robust biodiversity conservation standards to mitigate environmental and social risks. Norion Bank considers sustainable biodiversity and soil management along the whole value chain. All their clients are required to follow applicable legislation and for the financed under this Framework, additional requirements may be applied should biodiversity concerns arise in the ESG assessment. Furthermore, all the assets under Norion Bank's portfolio are required to comply with EU regulations, including but not limited to the Environmental Impact Assessment (EIA) Directive (2014/52/EU). The Bank's borrowers are obligated to carry out EIA in line with the Directive (2014/52/EU) and obtain necessary licenses when required to mitigate the negative environmental impacts on biodiversity, surrounding areas, and cultural heritages. Additionally, Norion Bank's borrowers comply with local legislations such as Sweden's Environmental Code (addressing various environmental concerns, including the protection of species and their habitats) Norway's Nature Diversity Act (focusing on the conservation of biological diversity in Norway), Germany's Federal Nature Conservation Act (encompassing measures for the protection of endangered species and the establishment of biodiversity areas), Finland's Nature Conservation Act (addressing the conservation of nature and biodiversity), and Denmark's Nature Conservation Act (focusing on the protection and conservation of nature).

Community Dialogue



The financed activities feature community dialogue as an integral part of the planning process. All assets financed under the Framework will be in Sweden, Norway, Finland, Denmark, and Germany, which are Equator Principles designated countries. Designated Countries are those countries deemed to have robust environmental and social governance, legislation systems, and institutional capacity designed to protect their people and the natural environment. Thus, Norion Bank's borrowers are obligated to comply with requirements on grievance Mechanisms, and Stakeholder Engagement following national and international legislations. In that regard for assets located in Sweden, Norion Bank's borrowers follows the Environmental Code,¹⁵ covering a wide range of environmental matters and including provisions related to community engagement, advisory panels, surveys, grievance

¹⁵ Swedish Environmental Code (Ds 2000:61) the Ministry of Environment, Available at: <https://www.government.se/contentassets/be5e4d4ebdb4499f8d6365720ae68724/the-swedish-environmental-code-ds-200061/>

mechanisms, and compensation schemes. For assets located in Norway, Norion Bank's borrowers follows the Planning and Building Act,¹⁶ addressing land-use planning and building, including provisions related to community engagement and consultation in the planning process. For assets located in Germany, Norion Bank's borrowers follows the Federal Nature Conservation Act¹⁷ containing provisions regarding community involvement, especially concerning projects affecting nature conservation areas. For assets located in Finland, Norion Bank's borrowers follows the Land Use and Building Act,¹⁸ including provisions related to community engagement and consultation in the land-use planning process. For assets located in Denmark, Norion Bank's borrowers follows the Planning Act,¹⁹ containing provisions regarding community engagement, advisory panels, and compensation mechanism in the context of land-use planning.

Inclusion



Norion Bank has an Inclusion Policy in place systematically ensuring borrowers are not discriminated on the basis of race, gender, age, disability, sexual orientation, religion, political beliefs, national or ethnic origin or other factors that represent a breach of the principle of equal treatment in access to credit.²⁰ The Issuer is further bound by Swedish law (Diskrimineringslagen)²¹ and employs a Whistleblower Policy that allows anonymous, written, and verbal reports in order to protect the borrowers.

Data protection and information security



Norion Bank has an Information Management System (ISMS) in place systematically ensuring that the data collection process on borrowers meets minimum requirements for data and information security in outsourced data processing. The Bank's Personal Data Processing strategy and Information Security Policy comply with Regulation (EU) 2016/679 (General Data Protection Regulation; "GDPR"), Regulations and general guidelines on information security, and data protection.

¹⁶ Planning and Building Act (2008) the Ministry of the Environment, Available at: <https://www.regjeringen.no/en/dokumenter/planning-building-act/id570450/>

¹⁷ Federal Nature Conservation Act (2010) the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety, Available at: https://www.bmu.de/fileadmin/Daten_BMU/Download_PDF/Naturschutz/bnatschg_en_bf.pdf

¹⁸ Land use and Building Act (1999) the Ministry of the Environment, Available at: <https://www.ex.ilo.org/dyn/natlex2/natlex2/files/download/112379/FIN112379%20Eng%202003.pdf>

¹⁹ Planning Act (2007) the Ministry of the Environment, Available at: <https://cdn.climatepolicyradar.org/navigator/DNK/2009/planning-act-no-937-of-2009-consolidated-no-587-of-2013-no-50-2018-6290b996e5af04dc5d1a26612be196e2.pdf>

²⁰ Policy Inclusion and Human Rights (2022) Norion Bank, Available at: <https://docs.norionbank.se/globalassets/3-om-bolaget/3.2-hallbarhet/3.2.4-omtanke/policy-for-inkluderig-och-manskliga-rattigheter.pdf>

²¹ Diskrimineringslagen (2008) the Department of Labor MRD, Available at: https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/diskrimineringslag-2008567_sfs-2008-567/

A due diligence process has been established with the Issuer's governing documents relating to information security, cyber security, and privacy. For outsourcing, Norion Bank adheres to the European Banking Authority Guidelines on outsourcing arrangements, as well as ISO 27001 in terms of security of data and systems, location of data and data processing, sub-outsourcing, monitoring, and auditing and contingency plans and exit strategies. Additionally, Norion Bank has several technical safety barriers and puts employees through regular information security, cyber security and privacy training in order to avoid unwanted incidents.

Responsible treatment of customers with debt repayment problems

Norion Bank has procedures in place to ensure that assets financed under this framework provide responsible treatment toward customers with debt problems. Norion Bank's sustainability framework is grouped in three main principles: (i) being business-minded, (ii) committed, and (iii) caring. Responsible treatment of customers with debt repayment problems is governed through the business-minded principle stating that sound lending and good customer relations should permeate their business, helping achieve sustainable development by minimizing risks and creating positive outcomes for their stakeholders. To structurally avoid potential future indebtedness problems, Norion Bank avoids reward systems that may incentivize diverging credit decisions. Additionally, the Credit Guidelines for Corporate and Real Estate Lending defines the covenant process and monitoring, with the Issuer also complying with Finansinspektionen's regulations and general guidelines regarding management of credit risks in credit institutions and securities companies (FFFS 2018:16).²² As these are corporate and real estate clients, covenants are adapted to the specific client to prevent debt repayment problems or over indebtedness.



For assets financed under this framework, Norion Bank provides internal debt counseling services, where it appoints a "Relationship Manager" whom borrowers can consult regarding their debts, payment plans, and money management. Additionally, Norion Bank ensures non-detrimental debt restructuring through their credit instruction which covers various non-detrimental actions to support clients with debt repayment problems.

Mortgages are not part of this Framework or Norion Bank's current offering.

²² Finansinspektionen's Regulatory Code (2018) the Finansinspektionen, Available at: <https://fi.se/contentassets/2b00a4a8f3834fdb9a4be132d564add1/fs1816.pdf>

Sales practices

Norion Bank has procedures in place to ensure that assets financed under this Framework provide responsible Sales Practices. The Bank's Code of Conduct specifies the core elements of customer services as providing a high level of integrity, availability, transparency, and fair treatment, and it applies rules for proper conduct and compliance with the operational limits set and the general rules on good business practices.



The Issuer provides regular trainings on responsible sales practices to its employees, and they are encouraged to obtain Swedsec licenses or equivalent. Norion Bank ensures responsible sales targets and commissions governed through their Remuneration Policy,²³ stating that variable pay should always prioritize the client interest and may not be primarily tied to quantitative sales targets. In this regard, the share of variable pay in relation to employee salary is limited. Sales agents are evaluated monthly and in an annual performance review, covering the Issuer's sustainability principles, and monitoring and assessments of complaints received is ensured through Norion Bank's complaint handling policy and complaint handling instruction. Additionally, Norion Bank has complaint trainings mandatory to all employees.

Norion Bank's Code of Conduct covers all of these topics advocating responsible sales practices to ensure products are only offered to clients' needs, requiring employees to inform customers in a clear, transparent and comprehensive manner on the products and services offered and monitoring and assessment of complaints after services provided.

Responsible marketing



Norion Bank has procedures and policies in place to ensure that assets financed under this Framework provide responsible marketing. Norion Bank maintains responsible marketing and informs customers in a clear, transparent, and comprehensive manner on the products and services that they offer. Additionally, Norion Bank operates exclusively within the EU and Norway, under strongly regulated market conditions.

Norion Bank's Code of Conduct²⁴ is committed to transparency in marketing and products to ensure easily understandable terms and services, including an established commitment to clear and correct pricing. The Policy demonstrates the requirement of transparency regarding product risks for customers when

²³ Remuneration Policy (2020) Norion Bank, Available at: <https://docs.norionbank.se/globalassets/4-investor-relations/4.2-bolagsstyrning/4.2.8-ersattningssystem/riktlinjer-for-ersattning-till-ledande-befattningshavare-faststallda-av-arsstamman-2020-bil-f.pdf>.

²⁴ Code of Conduct (2023) Norion Bank, Available at: <https://docs.norionbank.se/globalassets/3-om-bolaget/3.2-hallbarhet/3.2.4-omtanke/codeofconduct.pdf>

marketing a product as well as refraining from using small print. Additionally, the Issuer is required by Swedish law (Konsumentkreditlagen²⁵ and Kreditupplysningslagen²⁶) to inform customers about the reasons leading to rejection. Assets in this Framework are provided to Medium sized Enterprises towards which Norion Bank doesn't market specific products or services, marketing consists of brand recognition and perception.

Exclusion criteria

Norion Bank maintains an exclusion list at a companywide level, ensuring that no lending activities are directed towards entities that fall under the exclusion list.²⁷ Norion Bank confirms not to finance companies which themselves or through entities they control, for the equivalent 5% or more of their income:

- (i) Manufactures or sells weapons or munitions that violate basic humanitarian principles through their normal use,
- (ii) Sells weapons or military equipment to states subject to international sanctions,
- (iii) Manufactures or sells tobacco,
- (iv) Manufactures or sells pornographic material,
- (v) Manufactures products for gaming, whose products are necessary for the design or development of software or platforms specifically for the gaming industry,
- (vi) Extract fossil fuels (coal, oil, or gas) unless there are clear transition plans to meet the Paris Agreement's goals to limit global warming,
- (vii) Produces electricity (power generation) based on fossil fuels (coal, oil, or gas) unless there are clear transition plans to meet the Paris Agreement's goals to limit global warming.

Additionally, Norion Bank confirms not to finance companies if there is an unacceptable risk that the company contributes significantly to or is responsible for:

- (i) Serious or systematic violations of human rights, such as murder, torture, deprivation of liberty, forced labor and the worst forms of child labor,
- (ii) Serious violations of the rights of individuals in war or conflict situations,
- (iii) Serious environmental damage,
- (iv) Actions of omissions that lead to unacceptable emissions of greenhouse gases at the aggregate company level,
- (v) Gross corruption,
- (vi) Other particularly serious violations of basic ethical standards.

²⁵ Konsumentkreditlag (2010) the Department of Justice, Available at: https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/konsumentkreditlag-20101846_sfs-2010-1846/

²⁶ Kreditupplysningslagen (1973) the Department of Justice, Available at: https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/kreditupplysningslag-19731173_sfs-1973-1173/

²⁷ Exclusion List (2022) Norion Bank, Available at: <https://docs.norionbank.se/globalassets/3-om-bolaget/3.2-hallbarhet/3.2.4-omtanke/sector-guidelines---red-list.pdf>

PART III: LINKING THE TRANSACTIONS TO NORION BANK'S ESG PROFILE

A. CONSISTENCY OF GREEN BONDS WITH NORION BANK'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

Norion Bank's long-term goal is to contribute in a measurable way to the United Nation's global goals for sustainable development as well as reaching the Paris Agreement's goal of keeping global warming below 2 degrees. To achieve this target, the Bank has put in place three sustainability strategic pillars with goals linked to these focus areas in order to make progress in line with their sustainability strategy. Activities and goals are identified for the near term to achieve their 2030 long-term goal.

- **Business-minded:** Norion Bank aims to enable sustainable development for its customers as well as for the Bank, through responsible financing. Its related sustainability goals are:
 - Contribute annually to improving the financial health and preventing over-indebtedness of our private individual customers.
 - In 2023, continue the identification of the percentage of green credits in the Real Estate and Corporate segments.
 - Set targets for the green development of the credit portfolio in the Real Estate and Corporate segments by 2024.
- **Committed:** Norion Bank aims to enable its employees to develop in a work environment characterized by good community, diversity, and inclusion. The related sustainability goals are:
 - Annually achieve an employee index above 85%.
 - In 2023, continue to develop employee skills within sustainability.
 - By 2024, have investigated the possibility of integrating ESG into evaluation processes for relevant employee groups.
- **Caring:** Norion Bank wants to be a reliable partner throughout the entire value chain. The sustainability goals related to this focus area are:
 - Comply annually with the Bank's vision of zero complaints about customer integrity, anti-corruption, and marketing.
 - In 2023, continue reviewing its Scope 3 emissions, including for the credit portfolio.

By 2025, be climate neutral in terms of its own operations (Scope 1 & 2) which can include carbon offsetting if required. For Scope 1 & 2, the strategy started in 2021 when the Bank started mapping and measuring the CO₂ emission for each of the scopes. The Issuer will use

carbon-offsetting with certified projects to achieve its carbon neutrality by 2025 objective. These strategic focus areas and its related goals are disclosed on the Issuer's website²⁸ and its annual sustainability report in accordance with the Swedish Annual Accounts Act. 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.

The Issuer has also signed the UN Principles for Responsible Banking (PRB) and the UN Global Compact. Norion Bank is also part of the Swedish Banker's Association which aims at reaching net-zero emissions by 2045. The Bank does not have any SBTi-verified targets, however, is working on developing targets to be implemented in 2025.

This is the Bank's first Green Bond issuance.

Rationale for issuance

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") and it defines the loans eligible for funding through the issuance of Norion Bank's "Green Bonds". The Framework is applicable for the issuance of Green Bonds in several formats (including Senior Preferred and Senior Non-Preferred and other types of debt instruments).

Opinion: *The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. The majority of the project categories financed are in line with the sustainability objectives of the Issuer.*

²⁸ Sustainability Work, Norion Bank, Available at: <https://www.norionbank.se/en-SE/about-norion/sustainability/our-work>

B. NORION BANK’S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer’s industry

The Issuer is classified in the Commercial Banks industry, as per ISS ESG’s sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Business ethics
Labor standards and working conditions
Customer and product responsibility
Sustainability impacts of lending and other financial services/products

ESG performance of the Issuer

Leveraging ISS ESG’s Corporate Rating research, further information about the Issuer’s ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Issuer’s sustainability strategy is further detailed in Part III.A of the report.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of Norion Bank’s current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the company’s production process.

ISS ESG determined that, based on the information provided by the company, its overall business model has no net impact (contribution and/or obstruction) to the UN SDGs.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks industry are as follows: failure to mitigate climate change impacts, financial market irregularities, and failure to prevent money laundering.

Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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the sole minority shareholder of the combined entity. The combination is expected to be completed in the third quarter of 2023. In July 2023, the stakes of Genstar and ISS management in ISS HoldCo Inc. were acquired by DB. The non-interference and similar policies implemented by ISS related to Genstar are no longer applicable and disclosures regarding Genstar and ISS management's ownership of ISS are withdrawn.

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit:

<https://www.issgovernance.com/file/publications/SPO-Use-of-Proceeds-Bonds-and-Loans.pdf>

ANNEX 2: ISS ESG CORPORATE RATING METHODOLOGY

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: QUALITY MANAGEMENT PROCESSES

SCOPE

Norion Bank commissioned ISS-Corporate to compile a Green Bonds SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles and to assess the sustainability credentials of its Green Bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- EU Taxonomy Climate Delegated Act (as of June 2023)

ISSUER'S RESPONSIBILITY

Norion Bank's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Bonds to be issued by Norion Bank has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles.

The engagement with Norion Bank took place in November and December 2023.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS Corporate Solutions (ISS-Corporate) for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

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