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## **1. Introduction**

Climate and environmental changes are becoming more prevalent and a transition is necessary if we are to reach the goals set out in the Paris Agreement. For these reasons, it is Norion’s ambition to work diligently for a better environment, both for current and future generations. To be engaged in society’s long-term development, and assume responsibility for contributing to a sustainable future, is inherent in Norion’s business strategy and operations.

We follow the European Central Bank’s recommendations regarding integration of climate and environmental aspects in banking processes and routines, and specifically risk management. We consider climate and environmental risks to be drivers of existing risk categories when formulating and implementing our business strategy, governance, and risk management frameworks.

In addition, Norion has signed the UN Global Compact’s ten principles regarding human rights, labor rights, environment, and anti-corruption with this policy delineating the company’s precepts for assuring compliance with the compact’s three environmental principles:

- *Principle 7: Businesses should support a precautionary approach to environmental challenges*
- *Principle 8: Undertake initiatives to promote greater environmental responsibility*
- *Principle 9: Encourage the development and diffusion of environmentally friendly technologies.*

### **1.1 Purpose**

We are committed to conducting our business in an environmentally responsible manner. We believe that acting on climate change is beneficial to both the environment and our company. This policy will guide us on how to make environmentally friendly decisions, and to ensure that environmental considerations are taken into account throughout our business operations and strategy.

## **1.2 Scope**

This environmental policy applies to everyone representing us, directly or indirectly. This includes members of the Board, the Leadership Team, employees, workers, and business consultants.

## **1.3 Person/function responsible for updating the policy**

The environmental policy shall be reviewed at least every year by the Chief Sustainability Officer.

## **1.4 Foundation for the environmental policy**

The policy is based on the environmental principles of the UN Global Compact and relevant legislation in the countries where we operate. Furthermore, we shall comply with all applicable laws, guidelines, rules and regulations in the countries where we operate. If provisions in laws, regulations or rules, being regional or national have a more stringent position to the environmental matters mentioned in this environmental policy, those shall prevail. In cases of conflict between this policy and mandatory local regulation, the local regulation shall prevail.

# **2. Environmental Governance**

## **2.1 Precautionary approach**

We shall apply a precautionary approach to all decisions in our business that may have a negative effect environmental factors, thus aiming to minimize the environmental impact as much as possible.

## **2.2 Commitment to protect the environment and prevent pollution**

We commit to protect the environment and the climate. To achieve this, we shall work proactively to reduce our impact by preventing air, water, and land pollution.

## **2.3 Continuous improvement**

We shall continuously improve our processes, enhancing our environmental performance by measuring, monitoring, and evaluating our performance against set environmental targets and objectives.

## **2.4 Responsibility for implementation**

All managers are responsible for making sure the personnel within their teams are informed of the policy's content and to provide the tools for personnel to be able to follow what is stipulated. Ultimate responsibility for compliance sits with the CEO, with the compliance department assuring that said policy is operationalized throughout the organization.

# **3. Portfolio and Business Risk Management**

## **3.1 Business environment**

In our credit processes and management of portfolio risk, we identify risks from climate and environmental change on business environment, with regards to key sectors and geographical areas as well as products and services sold by clients and the effect that climate

and environmental change will have on their businesses now and in the future. For example, by identifying how climate and environmental risk will affect economic growth, employment, real estate prices, agricultural activities, and supply chains.

### **3.2 Portfolio and business resilience**

In our materiality analyses, we include the long-term, medium-term, and short-term effects of climate and environmental risks on all business areas within the bank depending on the specific business model and risk profile, as well as the effect on counterparties with respect to sector, business model, and business locale. According to our assessment and risks identified, we will continually adopt policy changes, mitigation procedures, adjusted risk limits and added risk controls. For loan criteria whose explicit purpose it is to contribute to environmental and/or climate mitigation, we shall evaluate the degree to which lending is in line with other environmental objectives defined by the European Banking Authorities and the EU Taxonomy.

### **3.3 Market risk management**

We shall continually monitor how climate and environmental risks affect the bank's current market positions as well as future investments and credits. We take into account in our business operations and strategy that climate and environmental risks can lead to changes in demand and supply for financial instruments (e.g. securities, derivatives) as well as specific products and services. We also consider the fact that investments and credits can decrease in value as a result of policy changes, market sentiment, technology changes, or as a result of severe weather events or gradual adverse changes in climatic conditions.

### **3.4 Organizational structure and responsibility**

It is the first line of defense's ('operations') responsibility to identify, judge, and monitor climate and environmental risks relevant to evaluate credit worthiness and in the due diligence process for individual clients. It is the risk department's responsibility to identify, judge, monitor, and report risk levels on a general bank-wide level. The internal audit function shall consider the extent to which the institution is equipped to manage climate-related and environmental risks.

## **4. Other Environmental Topics**

### **4.1 Energy, water and materials**

We shall use resources such as energy, water and materials responsibly in our operations. This includes implementing efficiency and reduction measures and promoting renewable energy and renewable materials when possible.

### **4.2 Greenhouse gas emissions**

We shall work to reduce our carbon footprint, thereby fighting climate change. To do so, we shall act to reduce emissions at all levels of our business. We shall also work to limit our emissions in our value chain by placing environmental requirements on our suppliers and by offering green products to our customers which enables them reduce their greenhouse gas emissions.

#### **4.3 Waste**

We shall apply a circular economy approach with the aim of maximizing resource utilization and minimizing the amount of waste created. We shall strive to reduce, reuse, repair, and recycle - in the order of priority listed. What cannot be reduced is reused, and what cannot be reused or repaired is recycled. We shall further ensure that hazardous waste from our operations is handled correctly by a certified waste contractor.

#### **4.4 Chemicals and hazardous substances**

If we have to use chemicals or hazardous chemicals and substances, we maintain an inventory and aim keep use at the absolute minimum by substituting them with products containing fewer toxic substances. All chemicals and substances shall be managed, stored, and disposed of in a secure and correct manner. Material Safety Data Sheets (MSDS) shall be available for immediate access.

#### **4.5 Eco-labelled and certified products**

When purchasing products and materials, we shall promote products that are eco-labelled and/or certified.

#### **4.6 Environmentally friendly technology**

We shall take into consideration and promote environmentally friendly technology as we evolve our technology infrastructure, including but not limited to, energy-efficient solutions and eco-designed products that enable repairs in order to prolong the product life cycle.

#### **4.7 Transportation and travel**

We shall try to avoid travel to the greatest extent possible, for example by promoting video conferences over physical meetings. If travel is necessary, we choose the most environmentally friendly alternative. We prioritize the use of low-carbon and fossil-free vehicles and continuously substitute older company cars. We also encourage our employees to use public transport and bicycles.

#### **4.8 Water consumption**

We shall strive to continuously reduce and recycle our water consumption. We shall regularly assess our exposure to water scarcity in all forms and initiate appropriate actions to ensure the long-term availability of water.

### **5. Monitoring of compliance**

#### **5.1 Consequences of non-compliance**

It is the managers' responsibility to ensure that employees and other relevant parties are compliant with this environmental policy. This policy shall be available for all employees on the intranet. Failure by employees to follow this policy, its supporting policies, or the laws and regulations of the countries in they work may result in disciplinary action.

### **6. Grievance Mechanism**

If you have a question or ever think that one of your fellow employees or the company as a whole may be falling short of our commitment, don't be silent.

For anonymous grievances, we have also set up a reporting function with a commitment to fair treatment of information. The anonymous function is available Policy for whistleblowing.