

Principles for Responsible Banking Reporting and Self-assessment

The following table is Norion Bank's (formerly Collector Bank) second report as a signatory to the Principles for Responsible Banking, PRB. In the report we provide our self-assessment in relation to the principles, and references to our Annual and Sustainability Report 2022.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

Norion Bank specializes in providing financial solutions for both corporate clients and individuals, with a particular emphasis on supporting small & medium-sized businesses. The corporate offering includes real estate lending, corporate lending within a wide range of sectors and factoring as well as payment solutions. Our services for private individuals include personal loans, invoice and payment by instalment services, credit cards and savings accounts. We provide real estate loans in key metropolitan areas across the Nordic region. Furthermore, Norion Bank provides payment and checkout solutions tailored to the needs of e-commerce and retail businesses, primarily serving customers in Sweden, Finland, and Norway. Norion Bank (publ) is publicly traded on Nasdaq Stockholm.

Links and references: Annual Report 2022, page 8.

1.2 Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes No

During 2022, Norion Bank updated the sustainability framework, and identified the strategic focus areas; Business-minded, Committed and Caring. The bank's overall ambition is to in a measurable way contribute to the UN Sustainable Development Goals by 2030 and to contribute to the Paris Agreement. In 2022, Norion Bank analyzed 21% of the corporate portfolio and identified that the SDGs 8, 11, 13 and 16 are the goals where we see our largest impacts.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones:
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on None of the above

Links and references: Annual Report 2022, page 26-28.

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1. Impact Analysis

Scope

The impact analysis was conducted as an integral part of implementing Norion Bank's updated sustainability framework. Within the focus area "Business minded", one priority was to further develop our lending process in the Corporate and Real Estate segments, to better understand Norions impacts and risks. All new corporate costumers are screened using the updated ESG risk- and impact assessment. Apart from this analysis Norion Bank reviewed 21 % of its existing portfolio, specifically linked to ESG matters.

Links and references: Annual Report 2022 page 29.

Portfolio composition

The bank's primary scale of exposure are within the Nordic region and the corporate loan portfolio. As such Norion Bank has focused on the bank's real estate segment and corporate loan portfolio, where 21% of the portfolio value was included.

Links and references Annual Report 2022, page 15-17, 29.

The bank's portfolio impacts in the context of society's needs

The analysis showed that Norion Bank's first significant impact area is, from a positive impact perspective, supporting financial inclusion. By being the complement to large banks, Norion Bank offers investment loans and acquisition financing in the form of corporate and real estate credits. With a balanced approach to risk, the bank works towards sound and sustainable lending, through customized solutions that benefit both the bank and the customer. From a negative impact perspective, the analysis showed that Norion provide lending to climate intensive sectors with inherent human rights risks, such as the real estate sector or manufacturing and that these sectors have a large impact in the environment. For target setting, the areas of climate change and financial inclusion will be prioritised.

Links and references: Annual Report 2022, page 15-17, 29.

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

- a) Scope: Yes , In progress , No
- b) Portfolio composition: Yes , In progress , No
- c) Context: Yes , In progress , No
- d) Performance measurement: Yes , In progress , No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change, including mitigation and adaptation as well as and financial health & inclusion.

How recent is the data used for and disclosed in the impact analysis?

Up to 6 months prior to publication Up to 12 months prior to publication Up to 18 months prior to publication longer than 18 months prior to publication

2.2. Target Setting

Alignment

The bank's overall ambition is to in a measurable way contribute to the UN Sustainable Development Goals by 2030 and to contribute to the Paris Agreement. Each year, our activities and ambitions will be updated and developed to gradually bring us closer to the 2030 target.

Baseline

Norion Bank have not set targets specifically linked to its portfolio, but rather focused on the organization at large. The bank aims to include portfolio-specific targets during 2024.

SMART targets

See above comment.

Action plan

Norion Bank will continue to develop its sustainability work to reach the 2030 ambition. To do so, Norion Bank continued to improve internal systems to store and access relevant data as a way to facilitate effective governance. Data quality and calculations will be improved and developed over time to gain better insights. All goals are integrated in the bank's governance structure with relevant monitoring.

Links and references: Annual Report 2022, page 26, 112.

2.2. Target implementation and monitoring

Climate change: To measure our progress and guide our actions, during 2022 we started to screen the portfolio based on ESG and aim to continue to map all emissions from credit portfolio during 2023. Our main approach to reducing carbon emissions from our loan portfolio is to work with our customers and support them in transitioning and reducing carbon emissions as much as possible. In 2022, for example, we developed a new methodology to assess our corporate and real estate customers' ESG risks and opportunities and have implemented further systematization of internal processes.

Financial health & inclusion: During 2022, it became clear that by being a professional partner to our customers and the complement to large banks, we support economic growth and financial inclusion by providing capital to SMEs. The bank has a strong understanding of this segment and aims to enhance its service for these types of companies by offering the solutions they demand. From a sustainability perspective, these companies are also incredibly important, as they contribute significantly to job growth and the overall economy.

Links and references: Annual report 2022, page 26, 112.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Having well-functioning processes and procedures in place within the bank is central to Norion Bank's strategy and governance. This is an ongoing project, and the bank strives to further enhance and improve its procedures and processes. During the year, Norion Bank published policy documents on its website and established a red list that excludes certain economic activities where we see our largest negative impact.

Links and references: Annual Report 2022, page 112.

3.2. Business opportunities

Norion Bank attach great importance to responsible lending. We do this by identifying businesses and business models that are robust and generate good returns while the risk they carry is deemed to be manageable. By integrating and assessing companies' sustainability work in the credit process that governs our corporate lending, as a bank we can contribute to emission reductions and sustainable social development from other aspects as well.

Links and references: Annual Report 2022, page 22, 29, 114.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to contribute to

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Norion Bank engage with our stakeholders in a variety of ways. In 2022 this included, ongoing dialogue with customers and potential customers regarding ESG, the launch of a corporate accelerator program and entering a collaboration with Junior Achievement. By regularly having continuous dialogues with our stakeholders, Norion can meet stakeholder expectations and adapt to a changing environment, ultimately strengthening its sustainability and long-term success.

Links and references: Annual Report 2022, page 24, 28.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Our governance work is based on the UN Global Compact's ten principles on respect for human rights, labor, environment and anti-corruption. It aims to make a long-term contribution to an integrated ethical, social and environmental perspective throughout our business. The Board is ultimately responsible for sustainability issues within Collector Bank and it establishes policy frameworks and control processes. The CEO and Chief Sustainability Officer are responsible for integrating sustainability work 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.

Links and references: Annual Report 2022, page 32, 112.

5.2 Promoting a culture of responsible banking

Norion Bank conducts several training courses each year to give employees the right tools and capabilities. In 2022, all employees and the bank's Board of Directors were offered "Sustainability Certification in the Financial Sector". The bank has been affiliated to Swedsec since 2022 and has licenses for client executives and the management team.

Links and references: Annual Report 2022, Annual Report, page 30.

5.3 Policies and due diligence processes

Norion Bank has in place a governance framework designed to facilitate efficient and robust governance practices. At its core, Norion Bank relies on a set of policies, position statements, and guidelines that serve as the foundational framework for overseeing its sustainability initiatives. In addition, Norion Bank has established a dedicated Ethics Committee, to support in evaluating cases where it is difficult to assess from a sustainability risk perspective or is covered by Norion Bank's sustainability-related sector guidelines.

Furthermore, Norion has implemented a whistleblowing system available to all staff through which irregularities and other misconduct can be reported.

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees

Yes In progress No

Links and references: Annual Report 2022, page 103.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

6.2. Reporting on other framework

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

GRI SASB CDP IFRS Sustainability Disclosure Standards TCFD Other:

The sustainability report is in accordance with the Swedish annual account acts, we follow the regulatory updates according to the EU CSRD and will report according to those requirements.

Outlook

We will continue the work of mapping our largest positive and negative impacts in the portfolio with the aim of setting targets coming years.

Links and references: Annual Report 2022, page 27.