



**Norion Bank**  
Group


PRB report

2023

PRB REPORTING


# Principles for Responsible Banking, Reporting and Self-assessment

The following table is Norion Bank’s (formerly Collector Bank) third 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 2023.

<b>PRINCIPLE 1: ALIGNMENT</b>	
	<p>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.</p>
<p><b>Business model</b></p> <p>Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.</p>	
<p><i>Response</i></p> <p>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.</p> <p>Norion Bank specializes in providing financial solutions for both corporate clients and individuals, with a particular emphasis on supporting small and medium-sized businesses (SME)<sup>1</sup>. The corporate offering includes real estate lending, corporate lending 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. Norion Bank (publ) is publicly traded on Nasdaq Stockholm.</p> <p>We focus on providing 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. We also extend invoice and installment payment services to private individuals.</p> <p>Our customer base consists predominantly of corporate customers, and about 52,000 private customers.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank’s Annual Report 2023 p 8, 23, 34-35.</p>
<p><b>Strategy alignment</b></p> <p><b>Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?</b></p> <p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p> <p><b>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</b></p> <p><input checked="" type="checkbox"/> UN Guiding Principles on Business and Human Rights  <input checked="" type="checkbox"/> International Labour Organization fundamental conventions  <input checked="" type="checkbox"/> UN Global Compact  <input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples  <input type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----  <input type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----  <input type="checkbox"/> None of the above</p>	
<p><i>Response</i></p> <p>Norion Bank’s role and responsibility when it comes to achieving the SDGs is based on our business model: The bank specializes in financing solutions for businesses and individuals, with a particular focus on the needs of medium-sized businesses. We are the companies’ complement to traditional big banks. As a bank, we have a great responsibility to contribute to a more sustainable economy for our customers and for the society in which we operate.</p> <p>In 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. The bank identified the following SDGs is where we see our largest impacts: 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 11: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 3: Take urgent action to combat climate change and its impacts and 16: Promote just, peaceful and inclusive societies.</p> <p>In 2023, Norion Bank as part of strategic work conducted a Scope 3 screening of our value chain. Throughout the year, the credit portfolio analysis work commenced, to estimate the climate footprint of the bank’s financed emissions. A most important outcome was that more data is needed to conduct a complete scope 3 calculation, something the bank is now in the progress of compiling systematically.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank’s Annual Report 2023 p. 34-35, 41, 121, 123.</p>

<sup>1</sup> Using the EU definition for micro and small companies ranging up to 10 MEUR in turnover and less than 50 employees.

PRB REPORTING

PRINCIPLE 2: IMPACT AND TARGET SETTING	
	<p>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.</p>
<p><b>2.1 Impact Analysis (Key Step 1)</b></p> <p>Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>2</sup> and fulfil the following requirements/elements (a-d)<sup>3</sup>:</p> <p><b>a) Scope:</b> What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.</p>	
<p><i>Response</i></p> <p>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.</p> <p>The impact analysis was conducted as an integral part of implementing Norion Bank's updated sustainability framework in 2022, by using UNEPFI's Portfolio Impact Analysis Tool v.2.2021. The aim was to increase understanding of where Norion Bank, through products and services, provided the most positive and negative impact in order to prioritize our sustainability work. Products and services were analysed for the private and corporate business in Sweden, Finland and Norway.</p> <p>Within the focus area "Business minded", one priority was to further develop the ESG analysis in our lending process for the Corporate and Real Estate segments, to better understand Norion Bank's impacts and risks. These segments constitute 68% of the bank's portfolio. In setting our climate target and measuring our financed emissions, we have not yet included emissions from lending to commercial clients for construction.</p> <p>All new corporate customers are screened using the updated ESG risk- and impact assessment. The bank exists and operates in Sweden, Finland, and Norway and is not one of the Nordic regions largest banks.</p> <p>Apart from this the analysis Norion Bank reviewed 21 % of its existing portfolio, specifically linked to ESG matters.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 9, 36-37.</p>
<p><b>b) Portfolio composition:</b> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <ul style="list-style-type: none"> <li>i) by sectors &amp; industries<sup>4</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</li> <li>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</li> </ul> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	
<p><i>Response</i></p> <p>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 banks Real Estate segment and Corporate loan portfolio, where 21% of Norion Banks total value was included in the 2022 analysis.</p> <p>Our credit portfolio:</p> <p>Corporate loans accounted for 21% of our lending portfolio, with a breakdown into industry segments of 25% manufacturing, 20% business services, 20% wholesale and retail, 17% financial services, 4% information and communications, 13% other, real estate accounted for 47% of our lending portfolio.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 19, 21, 121.</p>
<p><b>c) Context:</b> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate<sup>5</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p>This step aims to put your bank's portfolio impacts into the context of society's needs.</p>	

<sup>2</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>3</sup> Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

<sup>4</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

<sup>5</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

## PRB REPORTING

<p><i>Response</i></p> <p><b>The bank's portfolio impacts in the context of society's needs:</b></p> <p>According to the impact analysis tool from UNEP FI, there are similar challenges in the countries where the bank operates. Since the majority of the bank's operations are based in Sweden, a Swedish context has been considered in the analysis. Furthermore, the results of the analysis were also cross-checked against the country's current challenges to ensure that the correct prioritization was applied.</p> <p>The analysis showed that Norion Banks first significant impact area is, from a positive impact perspective, supporting financial inclusion. By being the complement to large banks, Norion Bank provides lending to SMEs that are involved in climate-resilient industries, such as renewable energy, sustainable and green infrastructure.</p> <p>Moreover, Norion Bank fosters inclusive economies by enhancing the availability of secure financial services, particularly catering to small and medium-sized enterprises (SMEs). By offering funding to SMEs, Norion Bank can collaborate with its customers and offer insight on how to manage risks and improve its sustainability impacts. This can enhance the skills and capabilities of workers, making them more productive and efficient and contribute to creating job opportunities.</p> <p>During the year, a gradual shift of credit provision has occurred from loan intermediaries to the bank's own channels, which gives us increased transparency and opportunities to work closely with our customers. The bank thus contributes to reducing the over-indebtedness among our private customers and improves their financial health.</p> <p>Further in Sweden, there is a housing shortage primarily in the larger regions, making it particularly difficult for young people to access housing due to low supply and slowed construction, leading to higher prices. Norion Bank actively contributes to reducing this issue, as a significant portion of what we finance goes towards properties.</p> <p>From a negative impact perspective, the analysis showed that Norion Bank provide lending to climate intensive sectors with inherent human rights risks, such as the real estate sector,<sup>6,7</sup> manufacturing of basic metals and manufacturing of textiles and that these sectors may have a large negative impact in the environment. For target setting, the areas of <b>climate change mitigation</b>, and <b>financial inclusion and health</b> have been prioritised.</p> <p><b>Financial inclusion and health</b></p> <p>Several of the challenges for Sweden identified in the report Sweden's implementation of Agenda 2030:<sup>8</sup> corresponds with those Norion Bank is focusing on through our lending to Small and medium-sized enterprises, SME's. These include but are not limited to, (reducing economic inequalities, decent work and economic growth, sustainable cities and communities, reducing greenhouse gas emissions and ensuring access to affordable, reliable, sustainable and modern energy).</p> <p>Small and medium-sized enterprises, (SMEs), constitute 99.9 percent of all Swedish businesses - and they account for 65 percent of the jobs.<sup>9</sup> The majority of new jobs are thus created in small and medium-sized enterprises, and it is also where most people take their first steps into the job market.<sup>10</sup></p> <p>Further, statistics show that lending to small and medium-sized enterprises is often much less than lending to large companies or households. The total amount of outstanding loans to households (SEK 4,899 billion) is over 23 times larger than the total amount of outstanding loans to small and medium-sized enterprises, excluding real estate companies (SEK 208 billion).<sup>11</sup></p> <p>The reasons for this are: 1. High security requirements (such as personal guarantees) 2. High costs (interest + fees) 3. Lack of understanding of the business by the lender. It hinders Swedish growth and number of job created and therefore, efforts should be prioritized in this area to help more people into jobs and at the same time provide businesses with the necessary expertise.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 8, 18, 34, 37, 118.</p>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>12</sup>? Please disclose.</p>	
<p><i>Response</i></p> <p>Norion Bank built on our impact analysis from 2022 using UNEPFI's Portfolio Impact Analysis Tool v.2 2021. We continue to find climate change mitigation and financial inclusion and health to be our most significant impact areas. Since the real estate sector contributes to a material percentage of Sweden's/Scandinavia's total emissions we see this as a key impact area for Norion Bank. Furthermore, through our work with SME financing, we can contribute positively to society, create job opportunities, and foster financial security.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 35-37, 119, 121.</p>
<p><b>d) For these (min. two prioritized impact areas): Performance measurement:</b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the <b>Annex</b>.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</p>	

<sup>6</sup> The emission from the building and real estate sector represent 22% of Swedens GHG emissions [Boverket](#).

<sup>7</sup> The total environmental impact from the construction and real estate sector [Sweden Environmental Goals](#).

<sup>8</sup> [Agenda 2030](#) för hållbar utveckling Regeringskansliet.

<sup>9</sup> Priority setting for small and medium-sized enterprises [Svenskt Näringsliv](#).

<sup>10</sup> Priority setting for small and medium-sized enterprises [Svenskt Näringsliv](#).

<sup>11</sup> Ställningsvärdet 2023-02-28, Source SCB (Finansmarknadsstatistik) and Riksbanken (KRITA).

<sup>12</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

## PRB REPORTING

<p><i>Response</i></p> <p>Norion Bank has not been able to do a portfolio analysis and set targets yet of our work with climate change mitigation, but it is a priority during 2024. The potential SMART target could include a measure of reduce our impact throughout scope 3 in line with Science Based Target initiative (SBTi) that includes financed emission.</p> <p>Examples of such targets could be:</p> <ul style="list-style-type: none"> <li>• For commercial real estate, the target is to reduce financed emissions intensity (kgCO2 e/m2) by XX per cent.</li> </ul> <p>Norion Bank has not defined SMART targets for financial inclusion and health, but it is a priority during 2024.</p> <p>Examples of such targets could be:</p> <ul style="list-style-type: none"> <li>• Increase the percentage of bank business clients that are Small and medium-sized enterprises by (XX accounts achieving XX% of all accounts) by 2025.</li> <li>• Increase the amount of job created from financing SME:s with XX percent by 2025.</li> <li>• Increase the amount of job created from financing SME:s with XX percent in areas with high unemployment rate)<sup>13</sup> by 2025.</li> </ul>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 35.</p>																
<p><b>Self-assessment summary:</b></p> <p><b>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?<sup>14</sup></b></p> <table border="0"> <tr> <td>Scope:</td> <td><input checked="" type="checkbox"/> Yes</td> <td><input type="checkbox"/> In progress</td> <td><input type="checkbox"/> No</td> </tr> <tr> <td>Portfolio composition:</td> <td><input type="checkbox"/> Yes</td> <td><input checked="" type="checkbox"/> In progress</td> <td><input type="checkbox"/> No</td> </tr> <tr> <td>Context:</td> <td><input checked="" type="checkbox"/> Yes</td> <td><input type="checkbox"/> In progress</td> <td><input type="checkbox"/> No</td> </tr> <tr> <td>Performance measurement:</td> <td><input checked="" type="checkbox"/> Yes</td> <td><input type="checkbox"/> In progress</td> <td><input type="checkbox"/> No</td> </tr> </table> <p><b>Which most significant impact areas have you identified for your bank, as a result of the impact analysis?</b></p> <p><i>Climate change mitigation, climate change adaptation, resource efficiency &amp; circular economy, biodiversity, financial health &amp; inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify</i></p> <p><b>How recent is the data used for and disclosed in the impact analysis?</b></p> <p><input type="checkbox"/> Up to 6 months prior to publication  <input type="checkbox"/> Up to 12 months prior to publication  <input type="checkbox"/> Up to 18 months prior to publication  <input checked="" type="checkbox"/> Longer than 18 months prior to publication</p> <p>Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)</p>		Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No	Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No	Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No	Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No														
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No														
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No														
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No														
<p><b>2.2 Target Setting (Key Step 2)</b></p> <p>Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.</p> <p>The targets<sup>15</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:</p> <p><b>a) Alignment:</b> which international, regional or national policy frameworks to align your bank's portfolio with<sup>16</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.</p> <p>You can build upon the context items under 2.1.</p>																	
<p><i>Response</i></p> <p>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.</p> <p><b>Climate change mitigation</b></p> <p>We are looking for data to be able to measure the impact of the investments in our corporate lending, as well as our customers' fund volumes. Norion Bank has not yet set a target connected to climate change mitigation. Please see explanation in section 2.1.</p> <p>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. During 2023, regular dialogue sessions have been held with the customers.</p> <p>Throughout the year, the credit portfolio analysis work commenced and will continue into 2024 to estimate the climate footprint of the bank's portfolio (scope 3 downstream). Initially, we have focused on segments in our portfolio where we assess the financed emissions to be highest (Corporate and Real Estate). We continuously develop our methodology to assess our customers ESG risks and opportunities and have implemented further systematization of internal processes.</p> <p>Furthermore, 2023 Norion Bank has conducted a broader scope 3 inventory of greenhouse gases (GHG) to assess the indirect emissions and other environmental impact factors occurring along our entire value chain. During 2024 an environmental risk assessments, on climate risks – in line with Task Force on Climate related Financial Disclosures (TCFD ) will be held to understand the banks credit portfolio related physical and transitional risk.</p> <p><b>Financial inclusion and health</b></p> <p>Norion Bank contributes to financial inclusion by enabling more small and medium-sized companies to access financing, as we complement traditional major banks for businesses. Through long-term relationships, our goal is to get to know our customers so that we can also be there to finance the growth of their businesses. This contributes to increased financial security, creates more job opportunities, and supports the economy.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 34-37, 41, 121, 123.</p>																

<sup>13</sup> Sweden: Higher than the average national unemployment rate [Arbetsförmedlingen-statistik](#).

<sup>14</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

<sup>15</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>16</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

## PRB REPORTING

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	-----
	...	-----
	...	-----
Impact area	Indicator code	Response
Financial health & inclusion	...	-----
	...	-----
	...	-----

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<p><b>Baseline</b></p> <p>Norion Bank have not set <b>climate change mitigation</b> targets specifically linked to our portfolio, but rather focused on the organization at large. The bank aims to set portfolio-specific targets during 2024, and set SBT in 2025.</p> <p>Norion Bank have not set <b>targets</b> specifically linked to financial inclusion and health. The bank aims to set portfolio-specific targets during 2024 and use this year as baseline.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 35.</p>
---	--

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>17</sup>: Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<p><i>Response</i></p> <p>See above comment related to <b>climate change mitigation</b>.</p> <p>See above comment related to <b>financial inclusion and health</b>.</p>	<p><i>Links and references</i></p>
---	------------------------------------

**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<p><i>Response</i></p> <p>See above comment related to <b>climate change mitigation</b>.</p> <p>See above comment related to <b>financial inclusion and health</b>.</p>	<p><i>Links and references</i></p>
---	------------------------------------


**Self-assessment summary**

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact ... <i>Climate change mitigation</i>	... second area of most significant impact ... <i>Financial inclusion and health</i>	<i>(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

<sup>17</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

PRB REPORTING



<p><b>2.3 Target implementation and monitoring (Key Step 2)</b></p> <p><b>For each target separately:</b></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.</p> <p><b>Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):</b> describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.</p>	
<p><i>Response</i></p> <p><b>Climate change mitigation</b></p> <p>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. During 2023, regular dialogue sessions have been held with the customers.</p> <p>Throughout the year, the credit portfolio analysis work commenced and will continue into 2024 to estimate the climate footprint of the bank’s portfolio (scope 3 downstream). Initially, we have focused on segments in our portfolio where we assess the financed emissions to be highest (Real Estate and Corporates). We continuously develop our methodology to assess our customers ESG risks and opportunities and have implemented further systematization of internal processes.</p> <p>Furthermore, 2023 Norion Bank has conducted a broader scope 3 inventory of greenhouse gases (GHG) to assess the indirect emissions and other environmental impact factors occurring along our entire value chain. During 2024 an environmental risk assessments, on climate risks – in line with Task Force on Climate related Financial Disclosures (TCFD) will be held to understand the banks credit portfolio related physical and transitional risk.</p> <p><b>Financial inclusion and health</b></p> <p>During 2024 the bank will start to implenting and monitor actions for this target.</p> <p>Examples of such KPI could be</p> <ul style="list-style-type: none"> <li>• Number of jobs created.</li> <li>• Number of jobs created in areas with high unemployment rate (higher than the average national unemployment rate)<sup>18</sup></li> </ul>	<p><i>Links and references</i></p> <p>Please see Norion Bank’s Annual Report 2023 p. 36-37, 121.</p>
<p><b>PRINCIPLE 3: CLIENTS AND CUSTOMERS</b></p>	
	<p>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.</p>
<p><b>3.1 Client engagement</b></p> <p><b>Does your bank have a policy or engagement process with clients and customers<sup>19</sup> in place to encourage sustainable practices?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> In progress                      <input checked="" type="checkbox"/> No</p> <p><b>Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> In progress                      <input type="checkbox"/> No</p> <p>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>20</sup>). It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved.</p> <p><i>This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).</i></p>	
<p><i>Response</i></p> <p>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. Norion Bank has published several policy documents on its website, to increase transparency for stakeholders.</p> <p>We continuously develop our methodology to assess our customers -ESG risks and opportunities and have implemented further systematization of internal process. Further we have an active dialogue with our customers to understand their climate risks and use mapping of climate data analyses to prioritize the right segments for decarbonaization.</p> <p>Our daily work and strategic direction to support small and medium-sized enterprises in the Nordic region is another step in our commitment to helping these companies further develop their operations, thereby contributing to societal growth.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank’s Annual Report 2023 p. 118.</p>

<sup>18</sup> Sweden: Higher than the average national unemployment rate [Arbetsförmedlingen-statistik](https://www.arbetsformedlingen.se/statistik).

<sup>19</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>20</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

## PRB REPORTING

<p><b>3.2 Business opportunities</b></p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
<p><i>Response</i></p> <p>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.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 34.</p>
<p><b>PRINCIPLE 4: STAKEHOLDERS</b></p>	
	<p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>
<p><b>4.1 Stakeholder identification and consultation</b></p> <p>Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>21</sup>) you have identified as relevant in relation to the impact analysis and target setting process?</p> <p><input checked="" type="checkbox"/> Yes      <input type="checkbox"/> In progress      <input type="checkbox"/> No</p> <p>Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.</p>	
<p><i>Response</i></p> <p>Norion Bank engage with our stakeholders in a variety of ways. In 2023 this included, ongoing dialogue with customers and potential customers regarding ESG. Furthermore we include ESG aspects in our Corporate Accelerator program, and we strengthened our collaboration with Junior Achievement. By regularly having continuous dialogues with our stakeholders, Norion Bank can meet stakeholder expectations and adapt to a changing environment, ultimately strengthening its sustainability and long-term success.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 28, 36, 118.</p>
<p><b>PRINCIPLE 5: GOVERNANCE &amp; CULTURE</b></p>	
	<p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>
<p><b>5.1 Governance Structure for Implementation of the Principles</b></p> <p>Does your bank have a governance system in place that incorporates the PRB?</p> <p><input type="checkbox"/> Yes      <input checked="" type="checkbox"/> In progress      <input type="checkbox"/> No</p> <p>Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about</p> <ul style="list-style-type: none"> <li>• which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),</li> <li>• details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as</li> <li>• remuneration practices linked to sustainability targets.</li> </ul>	

<sup>21</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations.




## PRB REPORTING

<p><i>Response</i></p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking. 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 Norion Bank and it establishes policy frameworks and control processes.</p> <p>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.</p> <p>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. Before the bank decides on credit approval or rejection, 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.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 40, 118.</p>
<p><b>5.2 Promoting a culture of responsible banking:</b></p> <p><b>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees</b> (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p><i>Response</i></p> <p>Norion Bank conducts several training courses each year to give employees the right tools and capabilities. In 2023, all employees were offered "Sustainability Certification in the Financial Sector" and mandatory internal training in areas such as GDPR, anti-corruption, and complaint handling. The bank has been affiliated to Swedsec since 2022 and has licenses for client executives and the management team.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 38-39, 122.</p>
<p><b>5.3 Policies and due diligence processes</b></p> <p><b>Does your bank have policies in place that address environmental and social risks within your portfolio?</b><sup>22</sup> Please describe.</p> <p>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</p>	
<p><i>Response</i></p> <p>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, we have established a red list that excludes certain economic activities from our credit portfolio based on both products and norms.</p> <p>There is also a system for whistleblowing, both internally and externally in several languages to enable availability. For the bank's employees processes are in place to ensure a culture that continuously strives to minimise harassment on the job.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank's Annual Report 2023 p. 38-39, 40, 118.</p>
<p><b>Self-assessment summary</b></p> <p><b>Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?</b></p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	

<sup>22</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

PRB REPORTING

PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY	
	<p>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.</p>
<p><b>6.1 Assurance</b></p> <p><b>Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?</b></p> <p> <input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> Partially                      <input type="checkbox"/> No                 </p> <p>If applicable, please include the link or description of the assurance statement.</p>	
<p><i>Response</i></p> <p>Ernst &amp; Young EY has reviewed Norion Banks Annual Report and paragraphs 2.1, 2.2, 2.3 and 5.1 in Norion Banks self assessment of the PRB for 2023.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank’s Annual Report 2023, p136.</p>
<p><b>6.2 Reporting on other frameworks</b></p> <p>Does your bank disclose sustainability information in any of the listed below standards and frameworks?</p> <p> <input type="checkbox"/> GRI  <input type="checkbox"/> SASB  <input type="checkbox"/> CDP  <input type="checkbox"/> IFRS Sustainability Disclosure Standards (to be published)  <input type="checkbox"/> TCFD  <input checked="" type="checkbox"/> Other: UN Global Compact                 </p>	
<p><i>Response</i></p> <p>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.</p> <p>The sustainability report is in accordance with the Swedish annual account acts. We follow the regulatory updates according to CSRD and during 2023 we conducted our double materiality assessment and will report according to those requirements based on EU:s timeline.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank’s Annual Report 2023, p. 118.</p>
<p><b>6.3 Outlook</b></p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>23</sup>, target setting<sup>24</sup> and governance structure for implementing the PRB)? Please describe briefly.</p>	
<p><i>Response</i></p> <p>The next steps for the bank is during the next 12 month set action plans and start to measure and implement those plans for financial inclusion and health.</p> <p>Norion Bank will develop our SMART targets connected to climate change mitigation. It means continue the work of mapping our largest positive and negative impacts in the portfolio with the aim of setting SBT’s during 2024.</p> <p>In 2024 Norion Bank aims to get a better understanding of climate risk (physical and transitional) by conducting an environmental risk assessment on climate risks – in line with TCFD. The aim is to identify industries and assets in our portfolio that are more likely to be financially impacted due to their exposure to climate-related risks, including greenhouse gas emissions, energy use and water use.</p> <p>Norion Bank aims to perform an analysis of EU:s directive Corporate Sustainability Due Diligence Directive (CSDDD) to ensure, get a better understanding and take proactive measures to respect human rights and mitigate environmental impacts within our operations and supply chains.</p>	<p><i>Links and references</i></p> <p>Please see Norion Bank’s Annual Report 2023, p. 35, 119.</p>

<sup>23</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>24</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

## PRB REPORTING

### 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources             |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input type="checkbox"/> Reporting                       |
| <input checked="" type="checkbox"/> Setting targets  | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

## AUDITOR'S OPINION

# Auditor's Limited Assurance Report of Norion Bank's self-assessment of the Principles for Responsible Banking

## Introduction

We have been engaged by the Board of Directors of Norion Bank AB to undertake a limited assurance engagement of Norion Bank's self-assessments of its fulfilment of its commitments as a signatory of the Principles for Responsible Banking, for the year 2023, which is reported in the Principles for Responsible Banking Reporting and Self-Assessment Template, the PRB report 2023.

The reporting criteria against which this information was assessed are Norion Bank's self-assessments of its fulfilments of its commitments as signatory of the Principles for Responsible Banking that are described on pages 126–136 in the PRB report, cover the Principle for Responsible Banking assessment areas 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring, 5.1 Governance Structure for Implementation of the Principles. Our assurance does not extend to any other information in the PRB report 2023.

## Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the self-assessment of Norion Bank's fulfilment of its commitments as a signatory of the Principles for Responsible Banking in accordance with the applicable criteria. This responsibility also includes the internal control relevant to the preparation of a self-assessment that is free from material misstatements, whether due to fraud or error. granskning ger oss tillräcklig grund för vårt uttalande.

## Responsibilities of the Auditor

Our responsibility is to express a conclusion on the selected information specified above based on the limited assurance procedures we have performed and the evidence we have obtained. Our review is limited to the historical information that is presented in this document and does, therefore, not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the self-assessment and applying analytical and other limited assurance procedures.

A limited assurance engagement has a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Norion Bank AB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities according to these requirements.

The limited assurance procedures performed do not enable us to obtain such assurance that we would become aware of all significant matters that might be identified if an audit was performed. The conclusion based on a limited assurance engagement, therefore, does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the self-assessment.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

## Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information disclosed in the self-assessment has not been prepared, in all material respects, in accordance with the reporting criteria.

Stockholm, 4 April, 2024  
Ernst & Young AB

Daniel Eriksson  
Authorized Public Accountant

Erik Benjaminsson Castlin  
Authorized Public Accountant