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## 1. Scope

These guidelines apply to Norion Bank AB (publ) ("Norion Bank" or "the bank") and supplement the bank's Sustainability Policy. The guidelines also cover the bank's foreign branches. The guidelines refer to the exclusion and phasing out of companies or economic activities from Norion Bank's credit portfolios, i.e. the companies or economic activities described below are those that the bank chooses not to finance within the framework of the Real estate and Corporate segment. The guidelines are based on Norges Bank's guidelines for observation and exclusion of companies in the Government Pension Fund. Norges Bank's guidelines are supplemented for certain sectors by Norion Bank's stricter stance.

## 2. Criteria for product-based exclusion

The bank shall not finance companies which themselves or through entities they control, for the equivalent of 5 percent or more of their income:

- a) manufactures or sells weapons or munitions<sup>1</sup> that violate basic humanitarian principles through their normal use
- b) sells weapons or military equipment to states subject to international sanctions<sup>2</sup>
- c) manufactures or sells tobacco<sup>3</sup>
- d) manufactures or sells pornographic material
- e) manufactures products for gaming<sup>4</sup>, or whose products are necessary for the design or development of software or platforms specifically for the gaming industry
- f) extract fossil fuels (coal, oil or gas) unless there are clear transition plans to meet the Paris Agreement's goals to limit global warming
- g) 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

Furthermore, when it comes to financing energy-intensive industries<sup>5</sup>, the bank shall be restrictive unless they are leaders in their industry, primarily on climate issues. For example, they may have adopted objectives on net-zero emissions or science-based targets to demonstrate that they have a plan to reach the Paris Agreement's goal of limiting global warming.

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<sup>1</sup> Weapons refer to products intended to kill, maim, or destroy and which are sold for military purposes. Munitions refer to products or sub-components that are specially manufactured to be included in weapons or weapon systems.

<sup>2</sup> <https://www.un.org/securitycouncil/sanctions/information>

<sup>3</sup> Also applies to cannabis

<sup>4</sup> Commercial gaming activities such as online betting or online casinos

<sup>5</sup> "Energy-Intensive Industries, EII:s" for example cement, steel, paper & pulp, chemicals

### 3. Criteria for norm-based exclusion

The bank shall not finance companies if there is an unacceptable risk that the company contributes significantly to or is responsible for:

- a) serious or systematic violations of human rights, such as murder, torture, deprivation of liberty, forced labor and the worst forms of child labor
- b) serious violations of the rights of individuals in war or conflict situations
- c) serious environmental damage
- d) actions or omissions that lead to unacceptable emissions of greenhouse gases at the aggregate company level
- e) gross corruption
- f) other particularly serious violations of basic ethical standards.

### 4. The Ethics Committee

The Ethics Committee (EC) has been established by the CEO. EC handles sustainability issues of complex matter that need to be deliberated outside of the usual routines of the department concerned. EC consists of Head of Compliance, Chief legal officer, Head of HR, CEO, Chief Sustainability officer, Head of Corporate Banking, Chief Credit officer corporates.

In cases where a new customer or a credit case is considered to be difficult to assess from a sustainability risk perspective, and/or is covered by Norion Bank's sustainability-related sector guidelines, EC shall deliberate for interpretation and be consulted before a decision on a specific business case is made by the relevant business area.

EC shall keep minutes of discussions and decisions regarding matters where sustainability aspects have been considered when deciding on granting credit for companies or projects, and its practice shall be a guidance when updating the bank's sector instructions. When assessing whether a credit matter should be denied, as well as whether a new sector should be excluded in the future, the bank should consider the benefit of entering into the credit agreement for a specific company's operations, including whether the company does what can reasonably be expected to reduce sustainability risks within a reasonable time frame. Relevant factors in these assessments are, among other things, the company's guidelines for and work to safeguard good corporate governance, the environment, and social conditions, and whether the company contributes positively to those who are now or previously affected by the company's behavior.

EC shall regularly/when necessary, assess whether the basis for excluding sectors/certain companies still exists or should be adjusted. In the light of new information, the bank can revoke or tighten the guidelines.