

Document name	Sustainability Policy		
Document owner	Determined by	Date	Replaces doc. dated
Chief sustainability officer	<i>Board of directors</i>	<i>2023-10-18</i>	<i>2022-09-15</i>
Document category Policy	Related governing documents		Publ. Intranet/web
			Yes

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1. Introduction

Norion Bank AB (publ) ("Norion Bank" or "the Bank") wants to enable our customers to continue to grow and develop through being Committed, Business-minded and Caring. Together, we want to contribute to tomorrow and sustainable development.

Norion Bank specializes in financing for small and medium-sized companies in the Nordics. As a bank, Norion Bank has a great responsibility to contribute to a more sustainable economy for our customers and in the society where we operate. We want to be a long-term partner to both companies and private individuals by running a business that in all parts creates long-term economic, social, and environmental value. This policy is supplemented by Norion Bank's Environmental policy, Work environment policy, Policy for inclusion and human rights, Diversity policy for the board, Anti-corruption policy, Code of conduct, Policy regarding measures against money laundering and financing of terrorism, Policy for handling conflicts of interest, Policy for internal governance and control, as well as Norion Bank's sector guidelines¹ which set our view on specific key issues and industries that are considered critical from an environmental and social perspective. Sustainability risks are also addressed in the bank's Risk policy and Credit policy.

Norion Bank's way of working is expressed in our Code of Conduct and through Norion Bank's core values. Our values describe how we want to be, and be perceived, as well as how we should act in relation to the world around us - both towards customers, partners and colleagues. Within sustainability, *Commitment* is about creating conditions for our employees so they can provide the best service and enable our customers' long-term success. Through being *Business-minded* and including sustainability aspects, we want to enable sustainable development and have a professional relationship with our customers. We are a reliable and *Caring* partner who will conduct business in a sustainable and responsible way.

1.1 Purpose

The purpose of this policy is to define a direction for sustainability within Norion Bank and provide a guiding framework for Norion Bank's sustainability work for all business decisions, including credit decisions.

1.2 Scope

This sustainability policy applies to Norion Bank and shall be implemented in all areas of the bank taking into account local regulations where relevant. Norion Bank or "the Bank" also includes all branches where applicable. The policy applies to everyone who represents us, directly or indirectly. This includes board members, the management team, employees, and business consultants.

2. Sustainability governance

2.1 Organization and responsibilities

¹ The "Red list" designates businesses Collector Bank chooses not to finance. The "Green list" designates businesses that may be used in the Collector Bank's framework for green bonds.

2.1.1 The board of Norion Bank is ultimately responsible for the bank's businesses. The board therefore shall ensure that decisions are made on overall sustainability and climate-related goals. The responsibility also includes decisions on establishing a strategy for the bank's sustainability work and an organization to implement such a strategy.

The board also shall ensure that adjustments are made based on sustainability factors, on the bank's framework for overall goals and strategies, which can be found in other policies and procedures, with special consideration for sustainable financing and lending.

The board is regularly updated on the bank's sustainability work.

2.1.2 CEO is responsible for the implementation of the bank's sustainability strategy and governance as decided by the board.

2.1.3 Chief Sustainability Officer is responsible for coordinating/implementing and driving the overall sustainability agenda/strategy within Norion Bank. The Chief Sustainability Officer reports to the CEO.

2.1.4 Each Business Area Manager has the responsibility to operationalize the Sustainability Strategy and the work into the business. The delegated responsibility involves ensuring that policies and processes are continuously updated, followed, and adhered to, in order to implement the company's sustainability goals, strategy and policies as determined by the board, CEO and Chief Sustainability Officer.

2.1.5 Risk and Compliance are internal control functions and act as the second line of defence. These departments monitor, control and report risks and ensure that Norion Bank complies with internal and external sustainability regulations.

2.1.6 Norion Bank's 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 Compliance Officer, General Counsel, HR Manager, CEO, Chief Sustainability Officer, Chief Credit Officer.

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

2.2 Determination and updates

The sustainability policy shall be determined by the board at least annually or more regularly if needed. The Chief Sustainability Officer shall be responsible for updating the policy before the board's decision, as well as ensuring that the policy is available to all employees on the intranet.

2.3 Reporting

Norion Bank shall be transparent in its work to support the long-term sustainable development of its business. The bank must publicly report on sustainability goals,

development and impact in the annual report and sustainability report. Other external reports follow the reporting routines of each international organization.

3. Portfolio and business risk management

3.1 Business climate

In Norion bank's credit processes and portfolio risk management, we identify risks from sustainability aspects of the business climate, with respect to key sectors and geographic areas, as well as products and services sold by customers and the effect that sustainability aspects will have on their business now and in the future. For example, by identifying how sustainability aspects will affect economic growth, employment, property prices, agricultural operations and supply chains.

3.2 Portfolio and business resilience

In the bank's materiality analyses, we include the long-term, medium-term, and short-term effects of sustainability 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 regard to sector, business model and geography. In accordance with our assessment and identified risks, we will continuously adopt policy changes, mitigation procedures, adjusted risk limits and additional risk controls. For loan criteria whose express purpose is to contribute to sustainable development for environmental or social factors, we must evaluate the degree to which the lending is in line with other sustainability goals defined by the European Banking Authority (EBA) and the EU taxonomy.

3.3 Management of market risk

Norion bank shall continuously monitor how sustainability risks affect the bank's current market position, as well as valuation of future credits. In our business operations and strategy, we take into account that sustainability risks can lead to changes in the demand and supply of specific products and services, as well as of financial instruments. The bank also takes into account the fact that credits may decrease in value as a result of policy changes, changing market sentiment, technology changes or as a result of serious sustainability incidents or changes in specific sustainability aspects.

3.4 Organizational structure and responsibilities

It is the responsibility of the business to identify, assess and monitor sustainability risks that are relevant to evaluating the creditworthiness of individual customers through the due diligence process. It is the risk department's responsibility to identify, assess, monitor, and report risk levels on a general bank-wide level. The internal audit function must consider the extent to which the bank is equipped to handle sustainability risks.

4. Sustainability commitments

4.1 Sustainability position statement

Norion Bank realizes that a prerequisite for a prosperous and sustainable society is an awareness of sustainability challenges and a willingness and ability to act. Norion Bank wants to support its customers in the transition to a low-carbon economy in line with the Paris

Agreement. In that regard, Norion Bank has signed the UN EPFI's Principles for Responsible Banking² (PRB) which aims to transition our credit portfolios in line with the 1.5 degree target.

Sustainable development is an important and integral part of the pursuit of value creation for customers, employees, investors and society at large. Norion Bank is convinced that companies that include sustainability in their operations and business decisions have the potential to be more successful in the long term.

The strive to achieve the UN's Sustainable Development Goals (SDGs³), including increased ambitions among decision makers, will have significant implications for investment needs going forward. Norion Bank wants to contribute to the SDGs partly within its own operations, partly by offering sustainable products so that customers can in turn contribute to the realization of the SDGs. This will create value from an economic, social, and environmental perspective.

Norion Bank follows the European Central Bank's guidance on the integration of climate and environmental aspects into banks' 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, corporate governance, and risk management framework.

Next to climate change, the loss of biodiversity is one of the most critical global environmental threats - and the two are linked. Biodiversity is our natural capital, delivering ecosystem services that support our economy. Biodiversity loss can translate into growing economic risk as well as business opportunities, something Norion Bank wants to take into account.

Norion Bank strives to minimize the risks of all direct and indirect negative effects on the environment and climate, human rights, and labour rights as well as from issues related to anti-corruption.

4.2 Sustainability capacity

Norion Bank wants to be a contributing actor in the sustainability transition and believes that success is achieved by focusing on being a long-term partner to its customers. As the inclusion of sustainability in all aspects of commercial operations becomes of great importance, the bank's ability to support its customers will depend on the continuous development of sustainability capacity and knowledge within all of the bank's functions. In order to realize the bank's ambition to contribute to the sustainability transition, the following factors are important:

Competence development. Norion Bank invests in its staff's ability to support the bank's customers by offering internal and external training to ensure that the company's competence and knowledge in sustainability is ensured.

² UN Environmental Programme Finance Initiative, Principles for Responsible Banking

³ Sustainable Development Goals

Product development. Norion Bank wants to develop new financing opportunities for its customers, which contribute to sustainable development.

Impact. Norion Bank strives to consciously manage its impact through the use of services, products and capital, in line with the sustainability commitments made by the bank.

Sustainability data management. Norion Bank is dependent on efficient storage and access to sustainability data, to meet external reporting requirements and identify sustainability-related business opportunities. The bank is developing its data capacity to meet these goals.

Risk management. Norion Bank ensures that appropriate due diligence for sustainability risks is available in relevant decision-making bodies to support management in conducting business in line with instructions from the CEO and Board.

4.3 Commitments and frameworks

Norion Bank recognizes the importance of participating in and supporting international commitments that enable businesses to operate in a more sustainable manner. Therefore, Norion Bank is a member of, or has signed, the following business-related commitments:

- **UN Global Compact:** Framework for companies to implement universal sustainability principles in the areas of human rights, labour law, environment, and anti-corruption.
- **UNEP FI's Principles for Responsible Banking:** Strategic sustainability framework for banks to enable a positive contribution to society by integrating the SDGs and the Paris Agreement into goals and business processes.
- **The Swedish Bankers' Association:** Industry organization that works for a sound development of the Swedish banking system. The work includes e.g. banks' adaptation to Sweden's climate goals and banks' sustainability reporting.

In addition, Norion Bank supports the following international agreements⁴ and international frameworks:

- **The UN sustainable development goals (SDG):** 17 globally agreed goals for the year of 2030 developed by governments, the private sector and civil society to achieve sustainable development for our planet.
- **Paris Agreement:** An agreement between governments to limit global warming to well below 2 degrees compared to pre-industrial levels.
- **The UN Universal Declaration of Human Rights:** An expression for all governments in the UN for the rights and freedoms to which everyone is entitled.

⁴ Government-level agreements that relate in whole or in part to businesses, but with no formal mechanism for businesses to support or join.

- **The ILO's eight core conventions on labor standards:** Eight ILO principles and rights at work that are considered fundamental to working life and should be prioritized for ratification in national laws.
- **UN Guiding Principles on Business and Human Rights:** A set of guidelines for states and businesses to preserve and protect human rights against harms committed in business activities, and to address violations of these rights.
- **Children's Rights and Business Principles:** Principles to guide businesses on actions they can take in the workplace, market and society to respect and support children's rights.
- **OECD Guidelines for Multinational Enterprises:** Recommendations addressed by governments to multinational enterprises operating in or from acceding countries. They provide non-binding principles and standards for responsible business in a global context in accordance with applicable laws and internationally recognized standards. They come with a government support office (national contact point) to deal with "specific cases" (complaints) against companies that allegedly failed to meet the standards of the guidelines.
- **Task Force on Climate-related Financial Disclosures, (TCFD):** TCFD is an industry-led initiative created by the Financial Stability Board (FSB) to develop recommendations for voluntary climate-related financial disclosures that companies use to provide information to investors, lenders, insurers, and other stakeholders.

5. Complaints

If you have a question or think that one of your colleagues or the company may not be meeting our sustainability commitments, don't stay quiet. The bank has an internal reporting system for all personnel who wish to report suspected violations of the regulations regarding sustainability and the bank's sustainability commitments (whistle-blowing system). See the bank's whistle-blowing policy for more information.