

Reporting and Self-Assessment Template

Principles for Responsible Banking

Bluestep Bank.

A modern mortgage bank.

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Principles for Responsible Banking and Self-Assessment Template 2023

This is Bluestep Bank Group's second report as a signatory to the Principles for Responsible Banking. The report has not been assured by our auditors. Responses and self-assessments in relation to the principles are provided in this template with references mainly referred to Bluestep Bank Group's website and our existing reporting in our Annual and Sustainability report 2023. Our Annual and Sustainability report 2023 has been audited by an independent party.

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.

<p>Business model 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>Bluestep Bank AB (publ) ("Bluestep Bank Group") is a specialized mortgage bank founded in 2005, providing services to private customers in Sweden, Norway, and Finland with an equity release offer available through 6Oplusbanken in Sweden. Bluestep Bank also offer retail deposits in Sweden, Norway and Euro deposits.</p> <p>Our mission is to responsibly empower individuals economically and enhance financial inclusion for a broader audience. We aim to be the preferred choice for those excluded by traditional banks. Our customer base comprises individuals seeking to purchase homes or use a mortgages to consolidate expensive credits and loans, and have a less conventional income status, historic payment remarks or limited credit history.</p> <p>We acquired Bank2, a Norwegian mortgage bank, at the conclusion of 2023. However, Bank2 has not been considered in this year's PRB reporting.</p> <p>Bluestep Bank Group primarily delivers its services digitally, with physical offices in Oslo (Norway), Helsinki (Finland), and Stockholm (Sweden), where our headquarters is located. Since 2017, Bluestep Bank Group has been under the ownership of EQT.</p> <p>Bluestep Bank Group conducts lending for more than 25.000 private customers in Sweden, Norway and Finland, 1.400 in the equity release portfolio, about 43.000 in deposit services and 4.000 unique costumers within Eurodeposit.</p>	<p>www.bluestepbank.com/our-history</p> <p>ASR 2023, p 2</p> <p>ASR 2023, p 113</p>
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Strategy alignment

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

Yes

No

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.

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 modern slavery - please specify which ones: -----

None of the above

Sustainability is a fundamental pillar of Bluestep Bank Group's corporate culture, embodying our commitment to fostering long-term sustainable development and financial inclusion. We recognize our responsibility to promote social, ethical, environmental, and financial sustainability. On the social front we get engaged with different social organizations and initiatives. Ethically and environmentally, we offer services that benefit people and contribute positively to the environment. Financially, we assist our customers in achieving economic well-being and facilitating homeownership, thereby enhancing their financial stability.

ASR 2023, p 26, 28

At Bluestep Bank Group, we are committed to adapting to new regulations and frameworks that pave the way for a more sustainable future. In 2021, we introduced green mortgage loans as part of our product offerings, and in 2022, all our loan documents transitioned to a digital format. Since 2019, we have diligently measured our carbon footprint (Scope 1, 2, 3), and throughout 2023, we engaged in activities and processes to establish reduction targets. As part of our commitment to promote human rights, we carried out a human rights due diligence assessment during 2023.

ASR 2023, p 28, 32

Our focus extends beyond internal operations to address risks that may impact our sustainability goals. These include considerations of climate risks affecting both our operations and customers, as well as measures to prevent the bank from being exploited for criminal activities such as money laundering. Comprehensive routines and systems have been implemented to manage these risks effectively.

ASR 2023, p 26-27

Guided by the principles of the Paris Agreement and the UN's Agenda 2030, our sustainability efforts are outlined in our sustainability report, which provides an overview of our positions and prioritized areas. We have identified and prioritized four of the UN's Sustainable Development Goals (SDGs): SDG 5 (Gender equality), SDG 8 (Decent work and economic growth), SDG 10 (Reduced inequalities), and SDG 13 (Climate action). The Annual & Sustainability report of 2023 offers a detailed description of how the bank contributes to these goals.

ASR 2023, p 113

Since 2020, Bluestep Bank Group has been a signatory of the UN Global Compact.

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

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 regularly¹ and fulfil the following requirements/elements (a-d)²:

<p>a) Scope: 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>Bluestep Bank Group has carried out an impact analysis using the UNEP FI Portfolio Impact Analysis Tool For Banks. The bank has come far in identifying the challenges and prioritizing the most significant Impact Areas. Some adjustments and an expanded analysis may become necessary in addition to the acquisition of Bank2, and will be outlined in the upcoming report.</p> <p>We have focused on our product mortgage loan which is our core business and product. All three markets (Sweden, Norway and Finland) have been prioritized. Deposits has been deemed to be out of scope.</p>	
<p>b) Portfolio composition: 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> <p>i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p> <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>Bluestep Bank Group is a specialised mortgage bank with a leading position in the Nordics within its niche. Geographically, our portfolio distribution is 44% in Sweden, 53% in Norway, and 3% in Finland.</p> <p>Our portfolio (2023) consists of of about 7.500 customers with less conventional income status. First-time buyers refer to about 1.300 customers and customers who have paid off unsecured loans and credits to a total of approx 14.000 customers.</p>	<p>ASR 2023, p 23</p> <p>ASR 2023, p 23</p>

¹ 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.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: 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?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

The Nordic countries excel in progressing towards the 17 Sustainable Development Goals (SDGs), with Finland leading, followed by Sweden and Norway in second and seventh place, respectively. However, challenges persist, particularly in achieving two specific goals: sustainable consumption and production (SDG12) and combating climate change (SDG13). Significant obstacles still need to be addressed to fully attain these objectives.

One of our key sustainability objectives is to enhance financial inclusion in society and empower a larger number of individuals financially. As a niche bank specializing in a specific segment of the Nordic banking industry, primarily offering mortgage loans, it is crucial for us to contemplate and actively contribute to a more sustainable and inclusive mortgage loan business. Although the Nordic society boasts well-established social safety nets and advanced financial infrastructure, it is essential for us to consider and contribute to the ongoing pursuit of the United Nations' Sustainable Development Goals related to access to financial services. In 2022, Bluestep Bank Group partnered with the company Axiom Insight, carried out a survey to identify and address main challenges regarding financial exclusion in Sweden, Norway, and Finland. Those are the challenges across the Nordic countries: while a large percentage of Norwegians own their homes (81,9% in 2021), they are in the top indebtedness in Europe; the percentage of homeowners in Sweden and Finland is 56% and 52% respectively, but there is a rental market considered to be more efficient in Finland than in Sweden.

Common to all three Nordic countries and the outcome of the survey shows that as the "gig-economy" grows, an increasingly part of the population and especially people born outside the Nordic countries, feel excluded and have significantly less opportunities on the mortgage market. And as more people suffering from overdebtbness close connected to mental health and wellbeing, one of the most important factors for increased financial inclusion is that banks offer loans adapted to different types of life situations. Bluestep Bank Group plays an important role for those who doesn't fit into the traditional banks automated processes and we offer possibility to use customers home and its mortgage to consolidate expensive credits and loans, allowing for financial planning, wellbeing and over time become debt free.

The overall performance by SDG of all 193 UN Member States: <https://dashboards.sdgindex.org/rankings>

Bolånekompassen 2022 (only in Swedish) <https://cdn.bluestep.se/globalassets/documents/ovrigt/bolanekompassen-2022.pdf?contentId=21191>

Lånekompasset 2022 (only in Norwegian) <https://cdn.bluestep.se/globalassets/documents-norway/lanekompasset-2022-bluestep-bank.pdf?contentId=21311>

Taloudellinen eriarvoisuus 2022 (only in Finnish) https://cdn.bluestep.se/globalassets/060522bluesteprap_2022_rgb_finland669.pdf?contentId=21189

We have summarised the most important outcome from the survey in the response.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

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)⁵? Please disclose.

Within the mortgage loans portfolio, Bluestep Bank Group have identified the following areas where the bank has a positive and negative impact, the areas are the same for both the Swedish, Norwegian and the Finnish market:

Positive impact

*Housing
Employment
Inclusive, healthy economies
Justice
Economic convergence*

Negative impact

*Resources efficiency/security
Climate
Inclusive, healthy economies*

Bluestep Bank Group will act and focus on Inclusive, healthy economies and Climate as these areas are aligned with our sustainability targets, our prioritised SDGs and core business.

d) Performance measurement: Has your bank identified which sectors & 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.

Bluestep Bank Group is a specialized mortgage bank that provides mortgages. Our customer base consists of individuals who, for various reasons, are excluded from the conventional banking sector. Consequently, the segmentation of sectors, industries, and customer types is not applicable. We will gather the requisite data to establish a baseline and evaluate the identified indicators during 2024.

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 & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

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.

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.

⁵ 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.

Self-assessment summary:

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? ⁶	Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
	Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
	Context:	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
	Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?
Climate change mitigation, financial health & inclusion

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?	<input type="checkbox"/> Up to 6 months prior to publication
	<input type="checkbox"/> Up to 12 months prior to publication
	<input checked="" type="checkbox"/> Up to 18 months prior to publication
	<input type="checkbox"/> Longer than 18 months prior to publication

⁶ 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.

2.2 Target Setting

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.

The targets⁷ 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:

a) Alignment: Which international, regional, or national policy frameworks to align your bank's portfolio with⁸ 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.

In 2023, Bluestep Bank Group initiated the process of setting targets, making significant progress along the way. As part of this work, Bluestep Bank Group has received expert guidance from the sustainability agency, U&We. Our efforts have been focused on identifying the approaches applicable to the bank according to the SBT initiative and gathering key information to shape our targets.

Bluestep Bank Group aims to set and publish targets in the field of climate change mitigation and financial health & inclusion.

Considering the bank's acquisition of Bank2, the targets may need to be approached from certain new perspectives to align with the updated constellation.

Our targets will be driven by our prioritized SDGs and be presented during the upcoming year (2024).

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.

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:

Please see our response in comment 2.2 a) above.

c) SMART targets (incl. key performance indicators (KPIs)⁹): 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.

Please see our response in comment 2.2 a) above.

⁷ 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.

⁸ 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.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

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.

Please see our response in comment 2.2 a) on the previous page.

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: Financial health & inclusion	... second area of most significant impact: Climate change mitigation
Alignment	<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
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
SMART targets	<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
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

2.3 Target implementation and monitoring

Show that your bank has implemented the actions it had previously defined to meet the set target.

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.

The target implementation and monitoring will be disclosed in our upcoming reports.

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 customers 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

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). 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.

Bluestep Bank Group has a variety of policies and instructions in place for us as a bank, as for our management, co-workers, customers, and clients to encourage sustainable activities such as a Sustainability policy, Remuneration policy, Code of conduct policy and Supplier code of conduct instruction. The latter has undergone a review and a new structure during the year, tailored to be able to be included in all our supplier engagements where the supplier will need to access both the content and sign the code. We offer customer relationship channels in Sweden for those who prioritize sustainable choices. On Bluestep Bank Group's website, we promote green mortgages that allow clients to benefit from a deduction on the mortgage interest rate for villas or apartments with an energy rating of A or B. We support and assess clients who meet the criteria for obtaining green mortgages.

www.bluestepbank.com/sustainability/Governance/

3.2 Business opportunities:

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.).

We have examined the Sustainable Development Goals (SDGs) outlined in Agenda 2030 to pinpoint areas where our business exerts the most influence. This analysis has enabled us to identify the specific goals to which we can actively contribute. Bluestep Bank Group has opted to prioritize four SDGs, as deemed crucial and pertinent by its Board of Directors. Our commitment to fostering gender equality is demonstrated through a strategic approach involving measurement, awareness-raising, and goal-setting. In alignment with SDG 5 (Gender Equality), we aim to empower women and girls by actively steering our efforts towards increased gender equality. Additionally, we strive to enhance the financial well-being of our customers by promoting mortgage availability. Our objective is to assist customers in achieving an improved financial situation. We tailor our solutions based on individual financial needs, providing personalized assistance to each customer (SDG8: Decent work and economic growth).

ASR 2023, p 26-28

3.2 Business opportunities continued

Through our products and processes, we at Bluestep Bank Group can make mortgages available to more people. The benefit is that more people get the chance to make their own choices about how they want to live. The inclusive financial landscape contributes to heightened equality and fosters increased economic growth.

Our commitment involves the ongoing enhancement and innovation of our products. This approach aims to extend support to more individuals, steering them towards improved financial situations and facilitating their access to mortgages. In response to the challenges presented by the housing market and as part of our commitment to strengthening financial inclusion, Bluestep Bank Group has identified a strategic business opportunity to cater to individuals who may not feel included by traditional banking practices. Bluestep Bank Group offers "Kompisavtalet" as a legal solution that enables joint ownership among friends. This alternative gives clients a secure and formal structure for managing ownership. (SDG10: Reduced inequalities).

And by being a modern, digital mortgage bank that strives to have as low a climate impact as possible in its own operations, Bluestep Bank Group continuously drives and develops resource- and energysaving products and ways to work that accelerate digitalisation and contribute to climate-smarter lending. Green mortgages was launched during 2021 (SDG13: Climate action).

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

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 groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

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.

Bluestep Bank Group has conducted a stakeholder dialogue and materiality analysis. The materiality analysis takes in the views of multiple stakeholders as well as opinions that affect the economic, social and environmental footprint of the business and that can influence stakeholder decision-making. As its starting point, the analysis took the Sustainability Accounting Standards Board (SASB), the UN's sustainable development goals, and Bluestep Bank Group's vision of financial inclusion for more people. Based on these areas, a questionnaire was created and discussed with customers, a small group of selected employees from Bluestep Bank Group, partners and representatives from our owners. The analyses ended up in four target areas: attractive workplace, inclusive banking, climate-neutral banking and business ethics and governance with 20 sub topics.

The materiality analysis and stakeholder dialogue is available in its entirety, ASR 2023, p 115-116

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance and 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

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

- 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),
- 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
- remuneration practices linked to sustainability targets.

At Bluestep Bank Group, the Board of Directors are ultimately responsible for ensuring that the business conducts active and long-term efforts to achieve sustainable development. The Board decides on strategy, goals, and sustainability policy, and it monitors and evaluates Bluestep Bank Group's sustainability work.

The CEO serves as a guide and determines priorities and strategic choices in our sustainability efforts in accordance with the approved business strategy.

The CEO ensures that the bank's sustainability efforts are supported by an appropriate organisational structure and commits to the resources needed to achieve the goals. The Head of Sustainability leads and coordinates sustainability efforts at Bluestep Bank Group and actively work on the strategic sustainability agenda together with the CEO and the Board.

In 2023, Bluestep Bank Group has established a Sustainability Management Committee to integrate and guide sustainability initiatives within the bank. The role of the Committee is to formulate sustainability policies, frameworks, and strategies, while also providing operational oversight for the implementation of sustainability activities. This Committee is composed by the CEO, CFO, Head of Valuation and Sustainability, CRO, CCO, and CHRO.

ASR 2023, p 119

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

To ensure adherence to our policies, new employees undergo training in an introductory program. Additionally, mandatory annual training is implemented to keep all employees informed and up-to-date. As previously noted, the sustainability forum convenes regularly, serving as a platform to coordinate, manage, and drive sustainability initiatives within the organisation.

ASR 2023, p 29-30

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

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.

Bluestep Bank Group works continuously to mitigate sustainability risks in our business and minimize our imprint on the environment. There is an ESG strategy integrated with the business strategy and the risk management framework.

ESG is primarily governed by the Sustainability Policy, and the ESG risk management in the Overall Risk Management Policy. In the Risk Management Strategy document, the risk appetite for ESG risk is stated as low, and there is separately set operational risk KRI and limits set.

The sustainability efforts, including ESG risks, are disclosed in the Annual and Sustainability Report, and the Risk Management function is internal reporting ESG risks to the Senior Management Team, the CEO, and to Board, and their respective committees.

In 2023 we carried out a human rights due diligence according to the Transparency Act. Our report aims to promote the respect for fundamental human rights and decent working conditions, identifying our supply chain's biggest risk and defining our future action plans.

ASR 2023, p 32

Self-assessment summary:

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 (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)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹³ 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.

Principle 6: Transparency and 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

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

- Yes Partially No

If applicable, please include the link or description of the assurance statement.

A summary of the PRB-report are presented as a note in the Annual and Sustainability report 2023. The Annual and Sustainability report 2023 including the PRB-report summary has been audited by an independent party.

6.2 Reporting on other frameworks

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

Bluestep Bank Group aims for gradual implementation of the TCFD recommendations. The full TCFD report is available on www.bluestepbank.com/sustainability/sustainability-reports/ ASR 2023, p 33

- GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards
 TCFD
 Other:

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

The primary objective of incorporating sustainability into Bluestep Bank Group is an ongoing journey of continuous progress and learning from experience. We have used the UNEPS Impact Analysis to identify our positive and negative impact areas, which also lines very well with our SDGs. During the forthcoming reporting period, our efforts will be centered on incorporating Bank2 into the analysis and mapping work. We aim to refine our impact analysis, establish SMART targets linked to climate mitigation and financial inclusion, and actively implement these targets within Bluestep Bank Group.

¹⁴ 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

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

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 checked="" type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

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