



Enity Bank Group AB (publ) **Sustainability policy**

Version 1.4
Effective: 23rd of October 2024

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1. Policy Details

This Sustainability Policy have been adopted by the Board of Directors (the “Board”) of Enity Bank Group AB (publ.) (“Enity” or the “Company”).

The rules and procedures set out in this Policy apply to the Company and its established branch offices. This Policy is governed by Swedish rules and regulations and sets out the minimum Sustainability standards that must be attained and maintained within the business.

In terms of regulated entities, the Policy applies for both the Company at solo level and the consolidated Financial Group level. In both cases, the Policy refers to the Company.

1.1. Policy name

This is the Sustainability Policy version 1.4 (the “Policy”).

1.2. Commencement

This Policy commences on the 23rd of October 2024.

2. Introduction

Enity's definition of sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Enity includes financial, environmental, social, governance and ethical aspects within the definition of Sustainability.

This Policy aims to create the basis for a common approach for how Enity should contribute to sustainable development. In addition to the Policy, there are other policies and instructions (examples listed below) that provide more detailed guidance on how Enity and its employees should act on various issues related to financial responsibility, social responsibility and environmental responsibility. There are policies and routines in place to prevent money laundering, conflict of interest, bribery, unethical behaviour, unsound remuneration, etc. and, as these measures are part of being a regulated entity, they will not be followed-up within the scope of this Policy, but rather in the daily work, and the controls performed by the three lines of defence.

However, to clarify the Company's commitment in these areas, there should be a Code of Conduct as a complement to this policy.

3. Overall targets

Enity has analysed the 17 global sustainability goals in Agenda 2030¹ to identify the goals that the business impacts and contributes to through its operations. In doing so Enity identified parts of its business that contributes to achieving the goals.

Enity has chosen to prioritize four global sustainability development goals, which are considered particularly relevant and important to the business and subsequently decided upon by the Board.

The prioritized objectives (and the official definition) are:

- Objective 5 (Gender equality)
Achieve gender equality and empower all women and girls.

¹ The Global Goals and Agenda 2030 are aimed at eradicating poverty and hunger, realizing human rights for all, achieving equality and empowerment for all women and girls, and ensuring lasting protection for the planet and its natural resources. The global goals are integrated and indivisible and balance the three dimensions of sustainable development: the economic, the social and the environmental. Read more at <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

- Objective 8 (Decent working conditions and economic growth)
Promote inclusive and long-term sustainable economic growth, full and productive employment with decent working conditions for everyone.
- Objective 10 (Reduced inequalities)
The global goals are clear that no one should be left behind and Objective 10 highlights the importance of working for a society where no one is left excluded from gaining from economic development.
- Objective 13 (Combating climate change).
Take immediate action to combat climate change and its consequences.

Enity also has an ambition to help fulfill other relevant parts of the goals – as these are by no means unimportant for Enity and its operations.

3.1. Contributing to objective 5 – Gender equality

Gender equality is an area of knowledge, not a matter of opinion. Knowledge is essential to find the right measures that contribute to equality. To increase equality any patterns and structures that prevent employees from utilizing their full potential must be altered. Enity's objective is to create an even distribution of men and women at all levels – from top management to employee level.

Salaries, terms of employment and development opportunities must be designed in such a way that equal opportunities are provided.

Enity's active measures should at least cover the following areas: working conditions, regulations and practices on salaries and other terms of employment, recruitment and promotion, education and other skills development, as well as opportunities to combine employment with parenthood.

3.2. Contributing to objective 8 – Attractive workplace (Employees and work environment)

Enity adhere to the UN Global Compact principles².

² <https://www.unglobalcompact.org/what-is-gc/mission/principles>

At Enity, all employees must have the same rights, obligations and opportunities in everything related to the workplace, regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.

Enity will provide, and strive to maintain, a clean, healthy and safe working environment and promote a healthy lifestyle for employees.

Enity strives at offering flexibility and cater for different life situations in order to retain employees during the times in which this may be needed, e.g. through working from home, part-time employment, equal parental leave arrangements or similar.

In terms of labour, Enity strives to ensure that:

- All Labour laws and regulations in Sweden, Norway and Finland are complied with;
- All employees are treated with respect and that discrimination or harassment is prevented;
- Wages are in line with industry standards and paid directly to the employee at the agreed time and in full (after customary deductions such as income tax);
- Adequate training and coaching are provided as well as that employee talent is developed;
- A Remuneration Policy is implemented and followed;
- All employees, at least once a year, are entitled to a performance review; and
- The employee's right to freedom of association and collective bargaining is respected.

Furthermore, in terms of work environment, Enity will comply with applicable Health and Safety laws and provision of good working conditions to employees.

To follow-up on the above-mentioned items, Enity should perform an employee survey regularly and the result from this survey is to be used to address any deficiencies noted, thus improving the working environment and the business further. Additionally, safety committees should be appointed to oversee the labour and work environment area within the business and all managers undergo training on issues related to the work environment.

3.3. Contributing to objective 10 - Inclusive banking

Enity's purpose is to enable financial empowerment for more people and leading by example with responsible and sustainable mortgage lending.

At Enity, sustainability and social responsibility are important parts of the business and corporate culture. Inclusive banking is the basis of Enity's business model, leading to positive impact for individuals, society, investors, owners, authorities and Enity.

The corporate culture at Enity is characterized by four core values; Innovative, Responsible, Inclusive and Passionate. Enity is proud to challenge established beliefs in order to build a strong and sustainable business.

Enity believes in taking time to understand each potential customer's individual situation. The core of the business strategy is to focus on understanding every new customer's financial situation in detail, with an aim to improve their financial situation.

3.4. Contributing to objective 13 – Climate neutral banking

Enity should strive to align the business strategy to be consistent with and contribute to the Paris Climate Agreement and relevant national frameworks.

Enity is to prepare an annual climate report with full transparency. The climate report should act as a starting point for analysis and measures to reduce Enity's carbon footprint (including scope 3).

3.5. Business ethics and governance

In addition to target areas linked to the global sustainability goals, business ethics and governance have been identified as fundamental and a prerequisite for achieving other goals.

Enity strives to handle all customer complaints based on an understanding of the customer's individual situation and with the customer's version of the complaint as a starting point. All complaints are to be handled according to the requirements set out in Enity's Consumer Protection Policies.

Additionally, to ensure that all customers are treated fairly and avoid any conflict of interest, the company's Ethical Guidelines and Conflict of Interest Policy should be complied with.

Enity consider responsible supplier relationships to be an important element in regard to achieving its overall targets, and our aim is therefore to cooperate with Suppliers that share these ambitions.

To clarify the Company's commitment in this area, there should be a Supplier Code of Conduct as a complement to this policy.

4. Community engagement

Community engagement can be in the form of sharing knowledge, education or a financial contribution. Enity shall encourage dialogue with local communities and strategic partnerships contributing to mutual benefit.

5. Sustainability risk

ESG factors are defined as environmental, social or governance characteristics that may have a positive or negative impact on the financial performance (with focus on profitability). ESG factors are associated with the concept of sustainable finance, relates to financing to support economic growth while reducing pressures on the environment and taking into account social and governance aspects.

ESG factors shall be integrated into the business strategy and the Internal governance shall include ESG factors and the risks they may create. Hence the ESG risks shall be included and specified in the risk management framework, however, the business is the owner and ultimately responsible for managing ESG risks.

Sustainability risk is considered to be synonymous with ESG risk. In accordance with the Risk Management Policy and Instruction, the definition of ESG risk is “the risk of economic loss, negative change in earnings or material change in risk profile due to external and internal contribution to climate change, biodiversity, energy consumption, pollution and waste management (Environmental), deficiencies in human capital, labour standards, equality, diversity and inclusion, and workplace health and safety (Social), and deficiencies in corporate governance and corporate behaviour (Governance)”.

ESG risks should be considered at the point of loan origination and hence be a part of the credit risk management strategy, policies and management. ESG should also be taken into account in operations and for other risks where relevant.

Enity's funding strategy should consider ESG risks and liquidity placements are to be in line with the Company's sustainability strategy.

For ESG risk, the risk management methodologies set in the Operational Risk Management Policy and Instruction should be applied.

6. Governance of Sustainability

Within Enity, the Board is ultimately responsible for ensuring that active and long-term work for sustainable development is conducted within the business. The Board decides on strategy and goals and this Policy and follows up and evaluates Enity's sustainability work.

The CEO shall guide and decide on priorities and strategic choices in the sustainability work in accordance with decided business strategy. The CEO will ensure that this Policy is supported via the appropriate organisation and arrangements and will commit the resources necessary to achieve its aims.

The Head of Valuation and Sustainability will lead and coordinate the sustainability work within Enity. The Head of Valuation and Sustainability will actively work on Enity's strategic sustainability work with the CEO and the Board. The Head of Valuation and Sustainability also participates and represents Enity in sustainability issues vis-à-vis the Majority Owner and in other external contexts.

In order to best integrate and steer regarding sustainability, Enity has a Sustainability Management Committee (the "Committee"). The role of the Committee is development of sustainability policies, frameworks and strategy as well as operational oversight of implementation of the sustainability activities. More detailed requirements regarding the Committee can be found in Appendix 1.

7. Reporting

A sustainability report must be prepared in accordance to European as well as national law (Lag 19995:1559 om årsredovisning i kreditinstitut och värdepappersbolag) and preferable following GRI guidelines (Global Reporting Initiative Standards) or other relevant framework for sustainability reporting as basis and published on the company's website in connection with the publication of the annual report or as an integral part of the annual report. The report should be quality assured through independent review or confirmed by Enity's external Auditors.

With the commitment to UN Global Compact, Enity will need to report on the implementation of the Global Compact's ten principles in an annual Communication on Progress (COP)³.

³ <https://www.unglobalcompact.org/participation/report/cop/create-and-submit>

Appendix 1 – Sustainability Management Committee

Membership and participants

The Committee shall comprise, at least, the following members: the Chief Executive Officer (the “CEO”), the Chief Financial Officer (the “CFO”), the Head of Valuation and Sustainability, the Chief Risk Officer (the “CRO”), the Chief Commercial Officer (the “CCO”) and the Chief Human Resource Officer (the “CHRO”). The CEO (or someone appointed by the CEO) will chair the Committee and in his/her absence any member that is agreed will share the meeting. Only members of the Committee have the right to attend Committee meetings. However, other representatives may be invited to attend all or part of any meeting as and when deemed appropriate. The Head of Valuation and Sustainability will act as the secretary of the Committee.

Meetings

The Committee shall meet at least semi-annually. Meetings, in addition to the semi-annually meetings, of the Committee shall be convened by the chairman or secretary of the Committee at the request of any of its members, if a meeting is considered necessary. Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be available for each member of the Committee no later than two working days before the date of the meeting. The secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present in attendance. Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, the minutes should be available for the Committee and the Audit, Risk and Compliance Committee (“ARCCO”) for information.

Committee Authority and Responsibilities

The Committee’s duties shall include, but not limited to, the below specified duties.

- Sustainability Strategy
 - Review and approve changes to the overall sustainability strategy aligned with strategy decided by the Board.

- Sustainability Frameworks
 - Review changes to the Policy before Board approval
- Sustainability Reporting
 - Review Annual Sustainability report before Board approval
 - Review and approve external sustainability reports
 - Principle for Responsible Banking (“PRB”)
 - Taskforce for Climate Related Financial Disclosures (“TCFD”)
 - Global Compact
- ESG-risk management
 - Review ESG-risk assessment before Board approval in accordance with the Risk Management Policy and Instruction