

C.11 SUSTAINABILITY POLICY

Approved by: The Board of Directors

Periodicity for Revise: At least yearly or if necessary

Regulation: **Regulation (EU) No 575/2013** on prudential requirements for credit institutions and investment firms

Target audience: All employees and consultants

Owner: Chief Executive Officer

Date for Approval: 2025-05-06

Date for Revise: 2025-04-23

Version: 2.0

Document C.11 Sustainability policy		Version 2.0	Page 1/7
Owner Chief Executive Officer	Approved by Board of Directors	Confidentiality Internal	Date 2025-05-06

Content

1. Introduction	3
2. Roles and responsibilities	3
2.1 Board of Directors	3
2.2 Chief Executive Officer	3
2.3 Managers	3
2.4 Independent Control Functions	3
3. Commitment	3
4. Objectives	4
4.1 Environment	4
4.2 Social Responsibility	4
4.3 Governance	4
5. Sustainability Strategy	4
5.1 Corporate Business	5
5.2 Consumer Business	5
5.3 Responsible Employer	6
5.4 Responsible Corporate Citizen	6
5.5 Transforming Businesses	6
6. Sustainability Risks	7
7. General Provisions	7

Document		Version	Page
C.11 Sustainability policy		2.0	2/7
Owner	Approved by	Confidentiality	Date
Chief Executive Officer	Board of Directors	Internal	2025-05-06

1. Introduction

A sustainability policy articulates an organization's commitment to environmental, social, and governance (ESG) principles and practices. It serves as a guiding framework for the institution to conduct its operations responsibly, with long-term environmental stewardship, social equity, and ethical governance at the forefront.

This policy seeks to minimize the ecological footprint of the Northmill Bank's (the Bank) operations, promote social well-being, and ensure transparent, ethical business conduct. This policy underpins the Bank's dedication to contributing positively to sustainable development goals and aligns its strategic objectives with global efforts to tackle climate change, resource depletion, and social inequality.

This policy applies throughout the Bank, to all its operations and employees, and it encompasses all activities in relation to customers, suppliers and other business partners. In the event that this policy and the external regulations are incompatible (including mandatory articles of association), the latter shall take precedence.

2. Roles and responsibilities

2.1 Board of Directors

The board of directors shall collectively have sufficient competence and knowledge about ESG and risk management. The board of directors is responsible for overseeing the implementation of strategies, setting targets, and understanding the main adverse impacts related to the company and its value chain.

The board also needs to ensure that the company's reporting is done in accordance with the European Sustainability Reporting Standards and that the information is digitally tagged to be machine-readable for use in the European Single Access Point, when the legislation is applicable for the Bank. This policy needs to be approved by the board of directors.

2.2 Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for ensuring that all employees, consultants and partners are aware of the contents of the policy. The CEO has also the mandate to issue guidelines and decisions on sustainability and more detailed sustainability goals.

The CEO shall ensure that heads of different departments in the business report to the Management on progress relating to the processes for adapting the Bank's operations to the principles and the fulfillment of the Bank's goals.

2.3 Managers

Each head of business unit/department and Manager is responsible for ensuring that the sustainability related procedures and controls are in line with the business plan, the Sustainability Policy and instructions set by the Board and CEO.

2.4 Independent Control Functions

The Independent Control Functions are the Risk Control Function and the Compliance Function in the second line of defense and the Internal Audit Function in the third line. The control functions shall monitor and control that the risks related to ESG are identified, managed and mitigated in accordance with this Policy and other risk management and compliance related steering documents. The control functions report directly to the board and CEO.

3. Commitment

The Bank strives to contribute to a better world through its vision of improving the economy for businesses and individuals. Sustainable development is an important and integral part of the pursuit of value creation for

Document C.11 Sustainability policy		Version 2.0	Page 3/7
Owner Chief Executive Officer	Approved by Board of Directors	Confidentiality Internal	Date 2025-05-06

customers, employees, shareholders, and society. As part of the financial sector, the Bank plays a role in combating climate change, promoting social justice, and improving the environment through our operations. Therefore, the Bank has taken on the responsibility to minimize our climate impact, increase inclusion, and consider the well-being of our employees.

The Bank's objective is in line with the European Union's objective of achieving climate neutrality in the EU by 2050. The Bank aims to minimize risks for any direct and indirect negative impact on environment and climate, human rights and labour rights as well as from issues relating to anti-corruption. The Bank does not use nor facilitate tax evasion or tax avoidance arrangements.

4. Objectives

4.1 Environment

The Bank aims to become a carbon-neutral organization by 2035. The climate impact shall be reduced by increasing energy efficiency and using renewable energy. A green transport policy shall be established and be compliant where all staff are encouraged to use public transport, electric cars, or bicycles for their travels and to conduct many of our meetings remotely.

4.2 Social Responsibility

All lending activities shall be in line with the social responsibility set out by this policy and underlying credit instructions.

The Bank believes that the social responsibility is to provide education, development, and career opportunities for all employees. The Bank shall establish leadership programs where leaders develop their empathetic abilities to help employees perform better. The Bank shall work with gender equality in the workplace by offering equal opportunities, treatment, and pay regardless of background, gender, age etc. The Bank prioritizes diversity and inclusion and strives to have a workplace that excludes inequality and discrimination.

4.3 Governance

Northmill's success and ability to achieve set goals is based on the fact that the outside world and its customers have the highest confidence in their own operations. To achieve this confidence, everyone who is active in the Bank must act in a manner that is honest. The Bank shall conduct business in such a manner that the public's confidence in the institution and the financial market is maintained and that the business may otherwise be deemed to be sound. The Bank's operations shall be conducted in an honest and just manner, act with the requisite proficiency, care and speed, avoid conflicts of interest and, where such arise, ensure that all customers are treated justly.

The Bank strives for openness in terms of information on the Bank's operations in the market. By this is meant the Bank's behavior in the market and the openness of the customer and business relationship. As part of a clarification of the Bank's corporate culture, the Bank shall:

- be neutral in matters of politics and religion;
- not support political parties regarding donations etc.;
- have transparency at a high level regarding the Bank's actions;
- have openness at a high level regarding different opinions; and
- encourage employees to report incidents and unclearness in the Bank's actions.

5. Sustainability Strategy

A sustainability strategy for a credit institution involves a commitment to integrating environmental, social, and governance principles into all levels of operations. It begins with the recognition of the pivotal role that financial services play in promoting sustainable development.

Document C.11 Sustainability policy		Version 2.0	Page 4/7
Owner Chief Executive Officer	Approved by Board of Directors	Confidentiality Internal	Date 2025-05-06

The strategy would encompass strict lending policies that prioritize projects with clear sustainability criteria. It would also involve internal practices that reduce the institution's carbon footprint, such as paperless transactions and energy-efficient buildings. Moreover, the strategy would include engaging with stakeholders to foster transparency and accountability in sustainability goals and offering financial products that support ESG-friendly businesses and initiatives. Through these efforts, the credit institution not only aligns with global sustainability targets but also ensures long-term profitability and risk mitigation, acknowledging that the future of finance is inextricably linked to the well-being of our planet and society.

5.1 Corporate Business

For the Bank, corporate lending shall follow the practices and principles set by the Board of Directors and Management to ensure that all lending activities are conducted in a socially responsible and sustainable manner. The Bank is complying with all relevant laws and guidelines regulating corporate lending.

The Bank takes into account ethical considerations in the leading practices, which means that all applicants and companies may not be involved in activities considered harmful to society. Examples of it can be violating human rights, contributing to environmental destruction or engaging in unethical business. From a social responsibility perspective, the Bank aims to support companies that have positive social outcomes, such as community development, improvement in living standards or that do not exploit vulnerable groups. The Bank has zero tolerance for any form of discrimination in the lending process and makes the lending criteria transparent.

The Bank has established some sector guidelines below to avoid lending, partnership or establishment of business relationships to companies and businesses that:

- violate international conventions regarding the environment, human rights, labor law, and corruption,
- derive a significant part of their annual revenue from the production, processing, distribution, marketing, or sale of illegal substances or services,
- involved in the manufacture of cluster bombs or anti-personnel landmines,
- involved in nuclear weapons programs in countries other than those listed in the Non-Proliferation Treaty,
- involved in the extraction of coal or coal-based energy production,
- involved in unlicensed gambling, or
- involved in adult entertainment.

The Bank's policy to only offer business products to companies acting legally reflects a commitment to maintaining high ethical standards and ensuring compliance with applicable laws and regulations. This approach helps minimize the risk of engaging in transactions with businesses involved in illegal activities or unethical practices. By conducting due diligence and verifying the legality of the companies, the Bank aims to uphold its reputation as a responsible and trustworthy financial service provider.

However, the Bank may always make a discretionary assessment of a violation. A minor violation by mistake or misunderstanding of complex legal requirements and assessed by the Bank as a non-essential character, which also has been corrected by the company immediately should not be seen as prohibited from establishing a business relationship.

5.2 Consumer Business

As a reputable banking institution, the Bank is committed to offering a range of financial products, including several types of credits and deposits, debit cards and insurance, to consumers. The Bank's goal is to develop an offering to customers that covers the deposit, payment and lending process. The offering has been developed over time and includes additional product categories.

The Bank fully recognizes and acknowledges the significant impact these products can have on the financial well-being of customers and, by extension, on society as a whole. In light of this, maintaining the interests of our customers through responsible lending practices is paramount. The Bank aims to minimize any adverse effects associated with these financial services. The Bank applies an inclusive approach when it comes to product offerings to consumers and aims to improve consumers' financial lives.

Document C.11 Sustainability policy		Version 2.0	Page 5/7
Owner Chief Executive Officer	Approved by Board of Directors	Confidentiality Internal	Date 2025-05-06

The Bank is focusing on responsible lending, customer communication and data protection & privacy. To facilitate this, the Bank offers various modes of interaction tailored to its customers' preferences, ranging from digital platforms to more personalized forms of communication. This approach underscores our commitment to responsible banking and customer satisfaction. The Bank invests in the improvement of digital solutions and technologies to offer its customers secured and frictionless banking services.

A responsible lending offering involves contributing to the financial stability of society by limiting credit risk and making banking services available to society. ESG-related risks are to be taken into consideration in lending. The *Credit Policy* and underlying credit instructions comprise the basis for the lending operations.

5.3 Responsible Employer

The Bank has the ambition to be a responsible and attractive employer that supports health and contributes to a sustainable work life. A positive corporate culture and well-defined values are important tools to help attract and retain the best employees. Important conditions include clear leader and employee profiles, open dialogues that create trust, a high level of involvement and responsibility, diversity, equality, and inclusion as well as skills and learning. The *Policy for Equality and Diversity* and underlying steering documents comprise the basis for this work.

5.4 Responsible Corporate Citizen

The Bank engages in society and takes an active part in positively shaping our future. In line with this ambition, the Bank encourages sustainable entrepreneurship and promotes financial inclusion. The Bank's daily operations shall be characterized by the following fundamental values and principles:

- The Bank shall comply with external laws and regulations, general guidelines from authorities, as well as internal instructions and guidelines.
- The Bank shall treat all persons correctly and fairly, regardless of gender, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation, and should not favor one customer over another. The Bank shall work for equality and against discrimination in all forms.
- The Bank and its employees should always be aware of and seek to avoid conflicts of interest in the operations, so that the counterparty's interests are regarded with due care and that they are treated fairly.
- The Bank shall have a high level of integrity and an honest approach.

5.5 Transforming Businesses

The Bank aims to transform clients' businesses and the Bank's own business. The Bank continuously develops internal policies and goals and enhances all employees' competence and awareness to contribute to and embrace the changes. The Bank aims to reach near-net-zero emissions from its own operations by 2050.

The Bank works to minimize environmental impacts when choosing physical offices in all operating countries. Choosing sustainable offices involves a comprehensive evaluation based on various criteria that ensure that the office space is environmentally friendly, energy-efficient, and conducive to the well-being of its occupants. The criteria below are some of the assessment points considered before signing contracts with the potential landlords for establishing physical offices:

- Goals for climate neutrality
- Goals for CO₂ target
- Circular use of materials
- Circular waste management
- Indoor environmental quality
- Physical security adaptation

The Bank has also adopted more actions to reduce its environmental impact and promote social responsibility. The list below includes some examples of actions that the Bank seeks to do:

- Reducing energy consumption by turning off lights and electronics when not in use, using energy-efficient appliances and light bulbs, and optimizing heating and cooling systems.

Document C.11 Sustainability policy		Version 2.0	Page 6/7
Owner Chief Executive Officer	Approved by Board of Directors	Confidentiality Internal	Date 2025-05-06

- Conserving water by fixing leaks, using low-flow showerheads and faucets, and reducing water usage in landscaping.
- Reducing carbon emissions by walking, biking, carpooling, or using public transportation.
- Reducing carbon emissions by using cloud data centers and services provided by carbon-neutral service providers.
- Reducing the usage of papers and working with a paperless workspace.

6. Sustainability Risks

Sustainability risks refer to a broad range of factors in the sustainability domain that could negatively impact the Bank, particularly in eroding the confidence of external stakeholders in the Bank's adherence to its sustainability commitments. These risks may emerge if the Bank fails to act or communicate in alignment with its policies, guidelines, and other foundational documents of its sustainability efforts, or if these documents prove insufficient.

The Bank's material sustainability risks encompass various areas including human rights, working conditions, environmental and climate issues, financial crime, information security, and IT security. It is crucial that sustainability risks are not only identified but also integrated into the Bank's overall risk assessment process. This includes being factored into existing risk categories such as credit, liquidity, market, operational, and compliance risks.

Managing these risks should align with the Bank's overarching low-risk tolerance, ensuring adherence to established risk thresholds in areas where sustainability risk is a significant component of the overall risk evaluation. The management of sustainability risks is conducted in accordance with the Bank's established risk management framework and processes led by the Bank's Chief Risk Officer.

7. General Provisions

This policy is part of the Bank's internal governance framework which constitutes and sets the desired standard for the Bank's operations and for its internal control environment, including the Bank's work to identify, measure, manage and control risks.

This policy applies in addition to the external regulations.

In the event that this policy and the external regulations are incompatible (including mandatory articles of association), the latter shall take precedence.

An employee or a contractor may turn to the CEO when doubts arise regarding the interpretation or application of the policy. In matters that are deemed to be of particular importance to the Bank, the CEO should turn to the Board of Directors.

The CEO shall ensure that employees of the Bank are continuously informed of the contents of the policy. New employees should be briefly informed about the content of this policy.

This policy may be approved by the Board from time to time, but at least once a year.

Document C.11 Sustainability policy		Version 2.0	Page 7/7
Owner Chief Executive Officer	Approved by Board of Directors	Confidentiality Internal	Date 2025-05-06