

Sustainability & Environmental Policy

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Table of content

1	Introduction.....	3
1.1	Background.....	3
1.2	Purpose and objective	3
1.3	Regulatory basis	3
2	Organization, roles, and responsibilities.....	3
2.1	Board of directors	3
2.2	CEO	3
3	Nordnet's sustainability strategy	4
3.1	Focus Areas.....	4
3.2	Democratize savings and investments	4
3.3	Sustainable savings.....	4
3.3.1	Sustainable lending	5
3.4	A responsible and sustainable business	5
3.4.1	Equality and diversity	5
3.4.2	Work environment.....	5
3.4.3	Environmental impact.....	6
3.4.4	Procurement procedures	6
3.4.4.1	Supplier code of conduct.....	6
3.4.5	Business ethics.....	6
3.4.6	Anti-bribery and corruption	7
4	Sustainability risks and risk management.....	7
5	Exclusion strategy	8
6	Product development.....	8
7	Nordnet in society.....	9
8	Sustainability report	9
9	Sustainability regulations.....	9
9.1	Sustainable Finance Disclosure Regulation.....	9

1 Introduction

1.1 Background

In 2015, the international agreements UN 2030 Agenda and Sustainable Development Goals and the Paris Climate Agreement (“Paris Agreement”) were adopted. The financial sector has a key role to play in reaching those goals and international and national initiatives. In order to contribute to the common goals, comply with applicable sustainability related requirements as well as meet customer and market expectation in the area, Nordnet Bank AB (“Nordnet”) has adopted this Sustainability & Environmental Policy. This policy shall also ensure that the strategy outlined in the Sustainability & Environmental policy of Nordnet AB (publ) is implemented in Nordnet.

1.2 Purpose and objective

The purpose of this policy is to describe Nordnet’s sustainability strategy by defining activities and guiding principles. Nordnet strive to incorporate sustainability aspects in the business strategy. Our overall aim is to conduct a fair, ethical, and transparent business as well as keep the trust from our customers and the market.

1.3 Regulatory basis

This policy has been established in accordance with the following external regulations and the guidelines and technical standards adopted pursuant to them::

- Årsredovisningslag (1995:1554)
- Lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag
- Lag (2014:297) om bank och finansieringsrörelse
- Lag (2018:1219) om försäkringsdistribution
- Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sectors (SFDR)
- Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (taxonomy regulation)

2 Organization, roles, and responsibilities

2.1 Board of directors

The Board of Directors (“Board”) has the overall responsibility for Nordnet's system of governance and is responsible for establishing Nordnet’s sustainability strategy.

2.2 CEO

The CEO is responsible for executing decisions in accordance with the directives of the Board to ensure that the sustainability strategy is properly implemented in Nordnet's operations. The CEO is

also responsible for implementation of applicable regulations as well as ensuring that proper reporting is done to the Board.

3 Nordnet's sustainability strategy

Nordnet's sustainability strategy is based on the Nordnet AB (publ)'s sustainability strategy.

3.1 Focus Areas

Nordnet has defined three focus areas which constitutes Nordnet's sustainability strategy:

1. Democratize savings and investments,
2. Sustainable savings, and
3. A responsible and sustainable business.

Detailed information about goals connected to the strategy shall be outlined in each annual sustainability report for Nordnet Group as described in section 7.

3.2 Democratize savings and investments

Nordnet's ambition is to give private savers access to the same tools, information, and services as professional investors, combined with a transparent approach and low costs. Nordnet shall do so by developing digital user-friendly products and services, by engaging in the public debate on savings and investments, and by providing education to its customers.

Nordnet strives to be on the savers' side, and pursue issues of, for example, fair terms in pension savings and reasonable and predictable taxation of holdings of shares and mutual funds.

Nordnet shall actively work to improve gender equality among private savers. Giving everyone the possibility to start saving and take control over their finances is a fundamental prerequisite for democratizing the financial industry. The majority of Nordnet's customer base consists of men, who also generally have more savings invested in the stock market. Nordnet shall contribute to a society where more women invest in the stock market and shall contribute to gender equality in the stock market. To measure how well Nordnet improves the gender balance in the customer base, Nordnet shall have long and short-term goals.

3.3 Sustainable savings

Nordnet's aims to make it easy for our customers to save and invest sustainably. Nordnet shall achieve this ambition through offering a broad range of sustainable investment options, provide digital and user-friendly tools making it easy to invest sustainably and by inspiring and providing information on sustainable savings.

Nordnet shall strive for increasing the positive indirect impact as well as reducing the negative impact through customers' investments when it comes to environment, social and governance aspects. The ambition for reduced negative impact on the climate shall be in line with the Paris

Agreement and Nordnet shall have goals in line with the ambition and aligns the with the specific goals in Nordnet Group.

3.3.1 Sustainable lending

Sustainable credit lending plays a central role in the Bank's lending business. Nordnet strive towards offering financial services that are sustainable both today and in the long run. The sustainability aspects are implemented in several different processes within credit, for example through monitoring concentration risks to certain geographical areas identified as high risk and when setting pawn values on financial instruments.

More details are available in Nordnet's *Credit Policy*.

3.4 A responsible and sustainable business

Nordnet shall conduct a responsible and sustainable business. Nordnet's guiding stars are transparency, a high ethical standard and saver benefit in every part of the offering. Nordnet shall strive to be a gender-equal workplace and shall provide equal opportunities to all its employees. Nordnet shall work actively to create a good working environment in terms of physical and mental health, development, and an engaging culture. Nordnet shall have an awareness of global environmental issues and Nordnet's ability to influence them both directly and indirectly.

3.4.1 Equality and diversity

Nordnet believes that an organization which is rich in diversity is an asset that generates valuable ideas and contributes to an inclusive culture. Nordnet shall ensure equal opportunities in employment in which individuals are selected and treated on the basis of their relevant merits and abilities without regard to e.g. gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation, or age, and are given equal opportunities. By actively working to offer and promote equal rights, opportunities, and obligations to all employees, Nordnet creates a work environment where employees feel comfortable and safe.

3.4.2 Work environment

The physical, social, and psychological work environment are strategic items that affect security aspects, employee well-being and Nordnet's competitiveness. The framework is detailed in Nordnet's *Work Environment Policy*. By maintaining a healthy work environment, Nordnet can achieve operational goals, while also being perceived as an attractive employer.

Working proactively and systematically with Nordnet's work environment is a profitable investment to achieve high motivation and reduce the level of absence due to illness or stress. The goal is to achieve and maintain a safe and stimulating working environment for each employee. Such proactive measures include a structured performance management process, regular employee surveys to measure e.g. employee engagement and motivation as well as different social activities aimed at promoting physical health and wellbeing.

3.4.3 Environmental impact

Nordnet shall adhere to current environmental legislation and other regulations that concern environmental aspects. Nordnet shall have and maintain an awareness of global environmental issues and Nordnet's ability to influence them both directly and indirectly through suppliers (as well as customers' investments as described in 3.2). Nordnet shall strive to reduce direct and indirect impact, i.e. through its supply chain, on climate in line with the Paris Agreement.

To reduce Nordnet's direct impact on the environment, Nordnet shall strive to operate its office spaces with renewable energy, reduce our use of paper and recycle waste. Nordnet's business model does not require physical banking offices and contact with our customers is mainly conducted online and by telephone. Nordnet is therefore resource efficient, and our environmental impact is relatively small.

Nordnet shall strive to have as little direct, and indirect via suppliers, negative impact on the environment as possible. Nordnet shall annually climate offset for its greenhouse gas emissions, including the employees' commutes as well as other scope 3 emissions were deemed reasonable in the light of materiality and data quality.

3.4.4 Procurement procedures

All of Nordnet's procurement activities shall be performed professionally and in compliance with applicable laws and internal rules. Nordnet is committed to high standards of ethics and sustainable business practices as well as respect for the environment, anti-corruption, human rights, fair and safe working conditions, and expects the same from suppliers. Nordnet encourage all suppliers to promote these standards throughout their supply chain.

3.4.4.1 Supplier code of conduct

To ensure Nordnet's commitments set forth in this policy, Nordnet shall have a *Supplier Code of Conduct* that is based on United Nations Global Compact, Nordnet's core values and sound business ethics.

Based on the risk classification model of Nordnet's supply chain, the ambition is that 100 percent of all Nordnet's suppliers, with a classification of "Outsourcing" and "Critical", shall have accepted Nordnet's *supplier code of conduct* or have an equivalent code.

3.4.5 Business ethics

Financial institutions with a license to operate are subject to a number of external requirements, including ethical requirements. Requirements and descriptions of how Nordnet should operate to ensure the running of a fair, sound, efficient and regulatory compliant business is defined in Nordnet's internal rules.

Nordnet has adopted a Code of Conduct which describes Nordnet's value base and the way Nordnet performs business and cares for our customers. The purpose of the Code of Conduct is to give guidance and clarify Nordnet's mission, values and principles in order to promote honest and fair behavior as well as integrity, trust and responsibility of Nordnet's business.

Moreover, Nordnet is a member of the Swedish Securities Markets Association and the Swedish Bankers' Association and adheres to the latest guidelines for dealing with ethical issues.

3.4.6 Anti-bribery and corruption

Nordnet has zero tolerance regarding bribery and corruption. In order to mitigate any risks in the area of anti-bribery and corruption ("ABC"), Nordnet has established an *Anti-Corruption Policy*. In addition, the *Ethics Policy* stipulates the employees' general obligation to conduct business in a transparent and compliant manner. Nordnet also has internal rules for the management of conflict of interest, as well as routines for how to manage secondary employment.

Nordnet shall assess and mitigate the risk of its customers using Nordnet's products as a tool for their illicit activities. The risk mitigation activities in this regard are included in the anti-money laundering framework, including enhanced due diligence measures regarding customers that are politically exposed persons and their relatives and close associates.

Nordnet shall provide training for employees in all areas above. Employees always have the possibility to anonymously report any suspected bribery or other acts of corruption in Nordnet's whistleblowing portal.

4 Sustainability risks and risk management

Nordnet shall consider sustainability matters into risk management processes and governance structures were deemed suitable.

Nordnet shall annually conduct a double materiality assessment to assess sustainability risks, opportunities and impacts. Hence, both the perspective of financial materiality and impact materiality should be considered. The materiality assessment evaluates which of Nordnet's sustainability impacts, risks and opportunities that are material. The materiality assessment and the goals within each material area should be approved and followed up by management (Nordic Management Forum). The view of Nordnet's stakeholders should be considered in the assessment. Nordnet therefor shall have a relevant stakeholder analysis and disclose it in our sustainability report (as described in section 7). It should be reviewed annually and updated when deemed necessary.

Nordnet's material sustainability risks, opportunities and impacts should be identified, measured, managed and monitored.

As an example, Nordnet is exposed to long-term negative effects on customer growth and retention if perceived not to comply with expectations regarding sustainability. Business and product development shall take sustainability into account to manage this risk.

Nordnet is also exposed to sustainability risks as a result of its lending, treasury investments and in operational processes, such as usage of external partners. Hence, Nordnet's management of sustainability risks shall be covered in the management of credit risk, market risk and operational risk. The processes and controls for these risk types shall include proper consideration to

sustainability, may it be social, governance or environmental matters. There shall be adequate control mechanisms in e.g. the following areas:

- Approving and monitoring of credit exposure and collateral values
- Approving and monitoring of treasury investments
- Approving and monitoring of external partners

Nordnet shall also have a robust resilience towards sustainability incidents and events that may occur. To ensure this, Nordnet shall have a proper business continuity and crisis management (BCM) framework in place including a pandemic plan and a plan for if the office is unavailable. The BCM framework is described in the BCM Instruction.

Nordnet shall use suitable tools for assessing and measuring exposure to sustainability risk, with e.g. scenario analysis and stress tests.

The risk appetite, risk strategy and risk management framework are described in the *Risk Policy*, complemented by the *Credit Policy* and the *Finance Policy*.

5 Exclusion strategy

Nordnet shall strive to exclude investments in the following sectors or based on these criteria:

- Adult entertainment
- Recreational Cannabis
- Controversial weapons
- Small arms
- Tobacco
- Oil sands
- Shale energy
- Thermal coal
- UN Global Compact breach
- Severe controversies

This exclusion strategy shall be applicable in appropriate cases where Nordnet is responsible for the investment decision. The specific scope and application of this policy shall be defined by the CEO.

6 Product development

Nordnet shall consider sustainability matters when approving new products, processes, activities and systems through a new product approval process. The purpose of having a solid new product approval process is to ensure that Nordnet does not enter into activities containing unintended

forms of risk or risks that are not immediately managed and controlled by the organization in a professional and suitable manner.

7 Nordnet in society

Nordnet in Society is Nordnet Group's way to give back to society and work with sustainability. Within the three areas defined in our sustainability strategy, Nordnet Group conducts projects that benefit society as well as Nordnet Group as a company.

Within the framework of *Nordnet in Society*, Nordnet shall engage in projects that create value for stakeholders and which also benefit Nordnet long-term. The projects in *Nordnet in Society* are initiated and run by Nordnet Group's employees with support of the management team and the board of directors in Nordnet.

Nordnet Group finances external projects and engages in organized projects in the Nordic region, such as projects to increase women's savings. By engaging in women's savings we help creating a more equal society. At the same time, Nordnet increase our customer base and competitiveness for the long term.

8 Sustainability report

Nordnet AB (publ) is publishing a sustainability report for the Nordnet Group in accordance with relevant external regulations. Nordnet shall, where applicable, contribute to this report in regards of Nordnet's sustainability risks, strategy and otherwise relevant areas.

9 Sustainability regulations

Regulations within sustainability and sustainable finance are becoming increasingly comprehensive and requires more resources than before. Business area heads are responsible for implementation of and compliance with regulatory requirements within sustainability regulations regarding their products and areas of responsibility.

9.1 Sustainable Finance Disclosure Regulation

Nordnet is considered to be both a financial market participant and a financial advisor as defined in the Sustainable Finance Disclosure Regulation (EU) 2019/288 (SFDR) due to its offering of the Swedish pension product IPS as well as its insurance advice offering. Consequently, Nordnet is obligated to adhere to the requirements in the SFDR, which includes disclosures in relation to the integration of sustainability risks in its investment decision-making and in its insurance advice, as well as disclosures in relation to principle adverse impacts of investment decisions on sustainability

factors. Business area heads are responsible for implementation of and compliance with SFDR regarding their products and areas of responsibility.