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# Bluestep Bank AB

## Sustainability policy

**Version: 1.1**  
**Effective: 22<sup>nd</sup> of June 2021**

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## 1. Policy Details

This Sustainability Policy have been adopted by the Board of Directors (the “Board”) of Bluestep Bank AB (publ.) (“BBAB” 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 1.1 (the “Policy”)

### 1.2. Commencement

This Policy commences on the 22<sup>nd</sup> of June 2021.

## 2. Introduction

BBAB'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. BBAB 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 BBAB 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 BBAB 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

BBAB has analysed the 17 global sustainability goals in Agenda 2030<sup>1</sup> to identify the goals that the business impacts and contributes to through its operations. In doing so BBAB identified parts of its business that contributes to achieving the goals.

BBAB 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)

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<sup>1</sup> 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/>

Achieve gender equality and empower all women and girls

- 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.

BBAB also has an ambition to help fulfil other relevant parts of the goals – as these are by no means unimportant for BBAB 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. BBAB'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.

BBAB'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)

BBAB adhere to the UN Global Compact principles<sup>2</sup>.

At BBAB, 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.

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

BBAB 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, BBAB 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, BBAB will comply with applicable Health and Safety laws and provision of good working conditions to employees.

To follow-up on the above-mentioned items, BBAB 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

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

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**

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

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

The corporate culture at BBAB is characterized by four core values; Professional, Respect, Drive and Different. BBAB is proud to challenge established beliefs in order to build a strong and sustainable business.

BBAB believes in taking time to understand each potential customers' 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**

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

BBAB 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 BBAB's carbon footprint.

### **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.

BBAB 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 BBAB'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.

## 4. Community engagement

Community engagement can be in the form of sharing knowledge, education or a financial contribution. BBAB 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, natural resources, pollution and waste (Environmental), deficiencies in human capital, labour standards, including equality and diversity, 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.

For ESG risk, the corresponding internal risk management framework as set out in the Operational Risk Management Policy and Instruction should be applied.



## 6. Governance of Sustainability

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

In order to best integrate and focus on the sustainability work, BBAB has a Sustainability Forum that meets regularly. The Sustainability Forum assists the Head of Valuation and Sustainability in coordinating, directing and leading the sustainability work within BBAB. The members of the Sustainability Forum are appointed by the Head of Valuation and Sustainability.

## 7. Reporting

A sustainability report must be prepared in accordance to European as well as national law (Lag 1999:1559 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 BBAB's external Auditors.

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

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