

Sustainability Policy

Applies for	PayEx Sverige AB including branches, PayEx Norge AS, PayEx Danmark A/S and PayEx Suomi Oy, (hereinafter "PayEx")
Local Framework Owner	Chief Administrative Officer
Confidentiality status	Public
Legal Basis	N/A
Related Group Regulations	Environmental Policy, Human Rights Policy, Policy on Diversity, Equity and Inclusion, and Policy for Financial and ESG Reporting
Supporting material	Position Statement Climate Change, Position Statement Defence Equipment, Sector Guidelines

1. Background

Our purpose is to promote a sound and sustainable financial situation for the many households and businesses. We shall be profitable and sustainable, to enable people, business and society to grow. Our long-term success is inextricably linked to helping to meet the social and environmental challenges of our times, resulting in better long-term financial sustainability. Together with our customers we make a difference for society.

We are committed to support both the Paris Agreement on climate change and the Sustainable Development Goals (SDGs). This twofold commitment will guide our work and impact towards 2030 and beyond. In 2019 Swedbank also became one of the 130 Founding Signatories to the UN's Principles for Responsible Banking: a shared commitment to align our business strategy to the Paris Agreement and contribute to the fulfillment of the SDGs. Swedbank has set climate targets aligned with scientific pathways that limit the global warming to 1.5°C.

Swedbank aims to take a leading position in the sustainability transformation and we have the continuous opportunity to drive change in our home markets and create long-lasting impact. We believe that a sustainable bank with sustainable customers will contribute to a long-term sustainable society. PayEx, as a subsidiary, will follow the guidelines provided by Swedbank in this area.

2. Purpose

The Sustainability Policy is the proactive part of the Code of Conduct. The purpose of the policy is to provide a governing platform for PayEx to run a sustainable business. This means to define what sustainability framework is for PayEx and to formulate PayEx role in driving sustainability integration in everything we do.

This Policy provides the basis of the PayEx sustainability policy framework, it is supplemented by thematic-specific policies and instructions on e.g. human rights, environment, tax, anti-corruption, and diversity and inclusion, and domain-specific policies and guidelines that integrate sustainability aspects.

3. Definition

PayEx includes environmental, social, governance and ethical as well as financial aspects within the definition of sustainability. This includes respect for and protection of the environment, human rights, labour rights, and business ethics.

4. PayEx role

Sustainability is at the core and an integrated part of PayEx business strategy. A sustainable business strategy can be described through two perspectives: "Doing things right" and "Doing the right things".

Doing things right – the sustainability basics through our own operations. The internal perspective,

that captures fundamental aspects of running a sustainable company. Ranging from environmental, social, governance and ethics to financial aspects of sustainability.

Doing the right things – our impact and contribution to society through our customers. The external perspective, our indirect impact and value creation. First, to empower the many people to create a better future by supporting sustainable choices. Second, to empower the many businesses to create a better future by supporting the transformation.

Environmental, social, governance and ethical, and financial aspects of sustainability are all important to integrate in our business decisions, operations, and business developments throughout PayEx. Through careful management of sustainability related risks and opportunities in our businesses, we will build a better future together with our customers.

Environmental aspects – refer to our contribution to a sustainable use of the Earth's finite resources, promotion of biodiversity and to reducing greenhouse gas emissions through all our business operations.

PayEx supports the green transition in society and the financial sector has a crucial role in directing financing to activities that support the transition to a low-carbon economy with sustainable business models. By promoting the provision of sustainable products, services and advisory to customers with an environmental profile or under transition, PayEx contributes to mitigation of risks connected to activities that are not in line with the Paris Agreement.

PayEx targets environmentally safe operations and aims to decrease our direct carbon footprint by reducing business travel, heating, cooling, and electricity consumption in our premises, paper, waste management and use of office equipment and supplies.

Social aspects – refer to our contribution to society's development through all of PayEx business operations by promoting human rights, fair working conditions, diversity and inclusion, and societal engagement.

PayEx has a responsibility to respect human rights and to act with due diligence to avoid infringing on the rights of others in all our business activities and operations. Fighting financial crime is one important element in our responsibility for respecting human rights. Fair working conditions are both a responsibility and a competitive advantage for attracting employees, and we particularly seek to support businesses that share these values. Diversity and inclusion are preconditions in PayEx agenda of being an inclusive company – caring for, and being open to, all customers and employees regardless of gender, gender identity or expression, sexual orientation, age, race, colour, ethnic or social origin, genetic features, language, membership of a national minority, property, birth, disability, religion or belief, political or any other opinion.

PayEx maintains a high engagement in society and in the local communities. We engage in social issues such as education in the field of personal finances, youth employment, entrepreneurship, and increasing digital inclusion. While the projects differ in purpose, extent, and geography, the overarching goal remains the same: to be a good corporate citizen who strengthens society and its individual members.

Governance and ethical aspects – refer to responsible corporate governance and business ethics, covering also the relationship with the suppliers we purchase products and services from. This entails working in line with PayEx Code of Conduct, values and culture throughout our decision-making and behavior.

PayEx aims to deliver a compliant business and transparent disclosure. PayEx remains a value-driven bank for the many people and companies. High standards in business ethics are the basis for the confidence placed in PayEx and for our reputation. PayEx Group Regulations in sensitive areas such as anti-corruption, tax, anti-money laundering and counter-terrorist financing, support employees' business conduct in line with PayEx values and position.

Financial aspects – refer to our promotion of a sustainable economy by strengthening PayEx and our customers' long-term competitiveness. Social, environmental, and governance and ethical aspects of sustainability are prerequisites for PayEx overarching purpose of contributing to a financially sound and sustainable society. Long-term sustainability equals long-term profitability.

5. Sustainability regulations and commitments

PayEx business is impacted by stakeholders' priorities, external laws and regulations and ultimately by the bank's own ambition to play a part in the development of a sustainable society.

Sustainable finance related regulations

The financial sector is regulated by many different laws and regulations, including the sustainability area. On EU-level, the financial sector has been recognized as having a key role in ensuring that EU meets the goals of the Paris Agreement and the UN Sustainable Development Goals. A number of laws and regulations have therefore been developed or are being developed with the purpose to steer capital to sustainable investments, include risks associated with sustainability in the financial sector's risk management and/or promote transparency and a long-term approach.

These sustainable finance related laws and regulations are impacting the way the financial sector, including PayEx, integrates sustainability in its business, including in its lending, savings, reporting and risk management operations. PayEx will continue to closely monitor the regulatory development, engage and implement accordingly in the way we do business. As of this date, the following sustainability related regulations impacting Swedbank (and indirectly also PayEx) have been adopted and published by EU:

- *The Sustainable Finance Disclosure Regulation ("SFDR")*, with the purpose to enhance transparency and establish harmonised rules in relation to sustainability for funds, savings related insurance products and portfolio management services and when providing advice on such products.
- *The Taxonomy Regulation*, with the aim to create an EU classification of economic activities defined as environmentally sustainable and to create transparency requirements in relation to the exposure to such activities.
- *The sustainability amendments to the delegated acts of MiFID and IDD*, with the purpose of ensuring that specific sustainability aspects preferences are considered in the suitability assessment, the product governance process and in organisational processes, such as those related to conflicts of interest management and employees' knowledge and competence requirements.
- *The inclusion of ESG risk in the Pillar 3 report*, which aims to enhance transparency on which ESG risks a bank is exposed to and how the ESG risks are managed by requiring banks to provide qualitative disclosures related to ESG risk (governance, business model & strategy and risk management) and quantitative information related to climate related risks and mitigating actions.
- *The Corporate Sustainability Reporting Directive ("CSRD")*, which aims to strengthen the rules about the social and environmental information that companies have to report. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability.
- *The sustainability amendments to the UCITS directive and the delegated regulation to the Alternative Investment Fund Managers Directive*, which clarify that sustainability risks and other relevant sustainability matters are to be integrated in the management of the funds.
- *The sustainability amendments to the delegated regulation of Solvency II*, which clarify that insurance and reinsurance undertakings need to consider sustainability risks in their governance and solvency assessment as well as consider other sustainability matters where relevant.

International commitments

As a bank with an ambition to play a part in the development of a sustainable society, Swedbank recognises the importance of participating in and supporting international commitments that enable businesses to operate in a more responsible way. We are therefore committed to the following:

- Climate Action 100+ (Swedbank Robur)
- Equator Principles
- Finance for Biodiversity Pledge (Swedbank Robur)
- International Corporate Governance Network (Swedbank Robur)
- Montreal Carbon Pledge (Swedbank Robur)
- Net-Zero Asset Managers (Swedbank Roburs)
- Net-Zero Banking Alliance
- Nordic CEOs for a Sustainable Future
- Principles for Responsible Investments (Swedbank Robur)
- Science Based Targets Initiative
- Task Force on Climate-Related Financial Disclosures
- UN Environmental Programme Finance Initiative
- UN Global Compact
- UN Guiding Principles on Business and Human Rights

- UN Principles for Responsible Banking
- UN Principles for Responsible Investments (Swedbank Robur)
- UN Women's Empowerment Principles

6. Reporting and transparency

PayEx is committed to an ongoing and transparent dialogue with all our stakeholders, to act according to our values and to be Open, Simple and Caring when interacting to enable our stakeholders to understand our work, challenges and ambitions.

We are committed to be transparent with our sustainability targets and performance including continuous reporting on our progress in external and internal channels.