



Nordax Bank

2020-10-28

# Communication on Progress

**WE SUPPORT**



# CEO Comments

I am pleased to confirm Nordax Banks' continued support for the UN Global Compact. We support the ten principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. We intend to continue implementing the principles on human rights, labor, environment and anti-corruption into our business strategy, our culture and daily operations. Also, we strive to increase the knowledge about the ten principles amongst our employees. The ten principles as well as the Sustainable Development Goals will guide us in our future work. Sustainability is important to us and we continue to integrate our work within sustainability further into the organization. This Communication on Progress (COP) describes our support and work in the areas of human rights, labor, environment and anti-corruption together with our attached 2019 Annual Report. We commit to further reporting annually according to the COP policy.

This includes:

- a. A statement by the chief executive expressing continued support for the Global Compact and renewing the participant's ongoing commitment to the initiative and its principles.
- b. A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the Global Compact principles in each of the four issue areas (human rights, labor, environment, anti-corruption).
- c. A measurement of outcomes (i.e., degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

We will share our Communication on Progress with our stakeholders through our primary channels of communication.

Sincerely yours,

Jacob Lundblad, CEO Nordax Bank

# About Nordax

Nordax is a leading specialistbank in Northern Europe owned by Nordic Capital and Sampo. The client base today consists of 195.000 private clients in Sweden, Norway, Finland and Germany. We are a specialistbank who through responsible lending help people make informed decisions for a life they can afford. We are a flexible complement to the major banks. Instead of quantity we have specialised in a few selected products like private loans, mortgages, equity release products and savings accounts.

Since 2019 Svensk Hypotekspension, which are specialists in equity release products, is a fully-owned subsidiary to Nordax Bank. Nordax has about 300 employees where almost all employees (except Svensk Hypotekspension works from one central office in Stockholm. The credit assessment process is one of Nordax core competencies. It is thorough, sound and datadriven. Nordax customers are financially stable individuals. As of 31 December 2019 the lending to the public amounted to 25.3 bn SEK and deposits from the public amounted to 19.2 bn SEK.

Nordax Group AB (publ) was previously listed on Nasdaq Stockholm's main market until the 24 April 2018 when it was delisted due to changed ownership after a public bid during 2018. Nordax is now owned by NDX Intressenter AB (a company controlled by Nordic Capital Fund VIII and Sampo. Nordax Group AB (publ) is the parent company of the Nordax group. Nordax Bank AB (publ) is the operating company within the group. Nordax Bank is licensed to conduct banking business according to the Swedish Banking and Financing Business Act (Sw. lagen (2004:297) om bank- och finansieringsrörelse) and is under the supervision of the Swedish Financial Supervisory Authority (Sw. Finansinspektionen)

Nordax continues to be committed to conducting its business in a socially responsible way. This commitment is reflected in every aspect of interaction with customers, society, government agencies and employees and also a reason to why we became members of the UN Global Compact in 2016. Descriptions of practical actions taken by us in order to implement the Global Compact ten principles in each of the four issue areas human rights, labor, environment and anti-corruption will follow.



# Our Governing Documents

Nordax has governing documents that support and guide its employees in their day-to-day work. The sustainability policy describes sustainability governance and Nordax's focus areas. The policy also stresses the importance of integrating sustainability into strategic development and ongoing operations. This includes how risks are identified and addressed. Nordax's Code of Conduct and values provide a framework that will guide all employees in acting ethically, properly and responsibly in order to create long-term relationships with customers, partners and other stakeholders. The Code of Conduct also serves as a compass how to act internally to create a healthy corporate culture and an attractive workplace. In 2019, a reassessment of all other central policies was conducted. They are easily available to all employees who are affected by them.





# Code of Conduct and other policies

Nordax's Code of Conduct was established in November 2017. It covers the areas of human rights, labor, environment and anti-corruption and represents a framework to guide all employees in acting in an ethical, proper and responsible way to create long-term relationships with customers, partners and other stakeholders. It also serves as a guide as to how we should act internally so as to create a healthy corporate culture and an attractive workplace. All employees are being introduced to the code and receives education in how the code shall support us in our daily work.

To support daily activities and business dealings, the following governing documents are also of great importance in day-to-day work:

- Policy Regarding Ethical standards
- Policy on diversity and assessment of suitability of directors and key function holders
- Policy Regarding Work Environment
- Remuneration policy
- Financial Crime policy
- Anti-bribery instruction
- Guidelines on recruitment to increase diversity
- Complaints Management Policy
- Procurement, Sourcing and Outsourcing Policy
- Privacy Policy
- Information Security Policy



# Sustainability Policy

During 2017 Nordax adopted a Sustainability Policy, which describes our work and governance within our focus areas within sustainability; responsible lending, employee wellbeing, business ethics and effective use of resources. Our contribution to Global Compact's ten principles corresponds with our overall agenda within sustainability, described in the Sustainability Policy:

"Nordax shall integrate sustainability throughout its business, taking responsibility for acting and living according to Nordax's values, and striving for simplicity and transparency. Nordax shall provide products and services that provide opportunities for Nordax's customers, other key stakeholders and Nordax to make contributions to a sustainable future. Nordax shall manage risk, including risks related to environmental, social and governance aspects."

Actions taken and results of above mentioned can be found in our 2019 Annual Report and progress and future ambitions will be further communicated in the Annual report for 2020.

Further descriptions on how we contribute to the ten principles within the four areas highlighted in Global Compact will follow, with references to our Sustainability Report which is part of the Annual Report.



# Human rights

**PRINCIPLE 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**PRINCIPLE 2:** make sure that they are not complicit in human rights abuses.





# Human rights

Nordax support the declaration of human rights and the principles within this area. We support the rights of our employees and emphasize the importance of that everyone should feel seen, heard and respected at Nordax.

Among many, we have established the following policies to secure solid business ethics and a sound culture within the company;

- Whistleblowing policy
- Policy Regarding Ethical standards
- Policy on diversity and assessment of suitability of directors and key function holders

For further information regarding our work, measurements of outcomes and future ambitions within Human rights, we refer to our 2019 Annual Report.





# Labor

**PRINCIPLE 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**PRINCIPLE 4:** the elimination of all forms of forced and compulsory labor;

**PRINCIPLE 5:** the effective abolition of child labor; and

**PRINCIPLE 6:** the elimination of discrimination in respect of employment and occupation.





# Labor

Nordax has established the following processes and adopted the following policies to ensure compliance and to maintain the culture we desire;

- Policy Regarding Work Environment
- Policy on diversity and assessment of suitability of directors and key function holders
- Remuneration policy
- Guidelines on recruitment to increase diversity
- Complaints Management Policy
- Established routines to identify early signals of stress-related health issues
- An equality plan, including an equality analysis, is compiled annually

All employees are informed of its rights and terms when starting the employment.





## EMPLOYEE WELL-BEING

Engaged employees are crucial to Nordax's success. Through a broad range of expertise and high level of personal accountability, a corporate culture has emerged built on engagement and decisiveness. A high ceiling, streamlined decision-making and a workplace characterised by cooperation and having fun will lead to motivation and engagement. People who actively want to play a part and contribute to the company's development by staying humble and helping out where needed will enjoy working at Nordax. The organisation's size makes it possible to see how individual contributions affect the big picture.

Respect for every person's uniqueness and value lies at the heart of Nordax's ambition, along with having a healthy and appealing culture. Customers in Sweden, Norway, Finland and Germany are served by the office in Stockholm, where all employees and functions are located. In addition, SHP has three offices. Cultural and diversity issues are critical in order to understand customers in our different markets. Our efforts to broaden diversity are supported by recruiting guidelines. During the year, a new evidence-based recruiting platform was implemented that assesses potential rather than previous qualifications and talents.

In recent years, organisational and structural changes have been made to ensure that the company has the right expertise in the right place, thereby creating the best conditions possible to achieve highly ambitious objectives. Having skilled and effective leaders has been seen as a key to achieving the objectives. This has meant that employees at various levels have left Nordax. Against this backdrop, employee turnover has been slightly higher, but controlled, given the rapid pace of change and need for new expertise in certain departments. Despite major changes, a high tempo and high level of employee turnover, an Employee Engagement Index rating of 81 was measured, a major increase compared to 74 in December 2018.

For further information regarding our work, measurements of outcomes and future ambitions within Labor, we refer to our 2019 Annual Report.



# COLLECTIVE BARGAINING AGREEMENT

Nordax currently has not signed any collective bargaining agreements. We do, however, adhere to the industry's agreement, which we consider essential in order to stay competitive. We see the low level of union membership in the company as a sign of our commitment and generosity to our employees. We are conscious about our employees' well-being and are committed to maintaining the strong entrepreneurial spirit and informal codetermination that already exists.

Annual pay surveys are carried out to ensure that no unjustified pay differentials exist. The most recent survey, in January 2020, indicated the women were paid at 99 percent of salary rates for men.

For further information regarding our work, measurements of outcomes and future ambitions within Labor, we refer to our 2019 Annual Report.



# Environment

**PRINCIPLE 7:** Businesses are asked to support a precautionary approach to environmental challenges;

**PRINCIPLE 8:** undertake initiatives to promote greater environmental responsibility; and

**PRINCIPLE 9:** encourage the development and diffusion of environmentally friendly technologies.





# Environment

Since Nordax operate from one office, with cross-border operations in northern Europe, we have minor direct impact on the environment. However, we always strive to reduce our impact on the environment and challenge ourselves in everything we do to become more resource efficient.

Nordax has limited direct impact on the environment and risk in this area, but tries to reduce it through automation, digital development and environmentally friendly communication. During the year, consumption of paper for printed matter and customer mailings increased by around 20 percent. This was mainly due to the acquisition of Svensk Hypotekspension and increased activity in Norway. Nordax buys carbon offsets for its mailings.

For further information regarding our work, measurements of outcomes and future ambitions within Environment, we refer to our 2019 Annual Report.





# Anti corruption

**PRINCIPLE 10:** Businesses should work against corruption in all forms, including extortion and bribery.

Our contribution in prohibiting corruption, extortion and bribery is essential. Nordax wants to contribute to an ethical business community, which is fundamental for confidence in the financial market. We are at all time responsible for securing that our business is not used for any corruption and that we are not subject to bribes or other extortions. We have processes and controls to identify and investigate potential misconduct and to ensure fair treatment and transparency.





# Anti corruption

Nordax have established the following processes and policies to secure compliance within the area:

- Code of Conduct
- Remuneration policy
- Policy Regarding Ethical Standards
- Financial Crime policy
- Anti-bribery instruction
- Complaints Management Policy
- Procurement, Sourcing and Outsourcing Policy
- Identification and monitoring of politically exposed persons

Daily transaction monitoring to prevent anti money laundering, terrorist financing and corruption

- A conflict of interest mapping exercise is completed annually
- Corruption risk assessment

For further information regarding our work, measurements of outcomes and future ambitions within Anti-Corruption, we refer to our 2019 Annual Report.



# Anti corruption – business ethics

As a responsible organisation in the financial sector, Nordax knows that its employees face ethical issues on a daily basis, not least in connection with financial crime such as money laundering and corruption. Addressing these issues properly and responsibly is essential if we are to earn and enjoy the trust of our stakeholders and society.

Nordax works continually to comply with regulations and ethical standards, manage and minimise risks, and maintain a healthy culture in terms of ethical issues.

Nordax has an extensive and clear framework for ethical issues in general as well as specific rules and processes for certain areas, such as preventing money laundering and corruption and managing conflicts of interest. The ethical framework has been communicated to all employees, who also receive annual training. There is a separate Anti-Financial Crime unit, which is responsible for establishing, implementing and performing appropriate routines and controls to prevent, detect and when needed investigate financial crime (money laundering, terrorist financing and fraud). Nordax advocates transparency and encourages employees to report suspected irregularities as well as unethical or illegal behaviour at Nordax. Observations can be reported anonymously via Nordax's whistleblower process. Employees at Nordax should always feel that they have someone to turn to regardless of what they may want to report. To that end, several different reporting channels are available. Reported incidents are investigated immediately and appropriate measures are taken.

For further information regarding our work, measurements of outcomes and future ambitions within Anti-Corruption, we refer to our 2019 Annual Report.



Nordax Bank

