



Nordax Bank

2021-11-16

# 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 2020 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 Bank AB (publ) is a leading specialist bank in Northern Europe owned by Nordic Capital Fund VIII and Sampo. Nordax has around 287,000 private customers in Sweden, Norway, Finland, Denmark and Germany. We are a specialist bank that through responsible lending helps 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 that we know best: personal loans, mortgages, equity release products and savings accounts.

Since 2019, Svensk Hypotekspension, which is a specialist in equity release products, is a wholly owned subsidiary of Nordax. Nordax has around 350 employees, practically all of whom work from a central office in Stockholm. The credit assessment process is one of Nordax's core competencies. It is thorough, sound and data driven. Nordax's customers are financially stable. As of 31 December 2020 lending to the public amounted to 27.7 bn SEK and deposits from the public amounted to 24.2 bn SEK.

In November 2021 Nordax Bank AB completed the acquisition of Bank Norwegian. Bank Norwegian is an agile and fully digital bank for retail customers that has challenged the established banks since its inception in 2007 by offering simple and transparent deposit and lending products online. As of 31 December 2020 Bank Norwegian lending to the public amounted to 37.9 bn NOK, deposits from the public amounted to 42.7 bn NOK and the customer base consisted of 1.75 million customers whereof 1.26 million being credit card customers. Together, the ambition is to further challenge the established banks and continue growing as the leading specialist bank in Northern Europe.

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 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. Description of actions taken 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 with reference to the Sustainability Report which is part of the Directors Report in our Annual Report 2020.



# 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
- General Credit Policy
- 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
- Complaints Management Policy
- Outsourcing and Procurement 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. The areas identified by Nordax as the most important sustainability areas are "Financial inclusion and Responsible lending", as well as "Sustainable organization". Within these areas, our focus is directed at our own impact on the environment, ensuring high standards of information security and combating financial crime. Actions taken and results of above mentioned can be found in our 2020 Annual Report and progress and future ambitions will be further communicated in the Annual report for 2021.

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 Directors Report in the 2020 Annual Report pages 15-22.



# 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 supports 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;

- 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 2020 Annual Report pages 15-22.





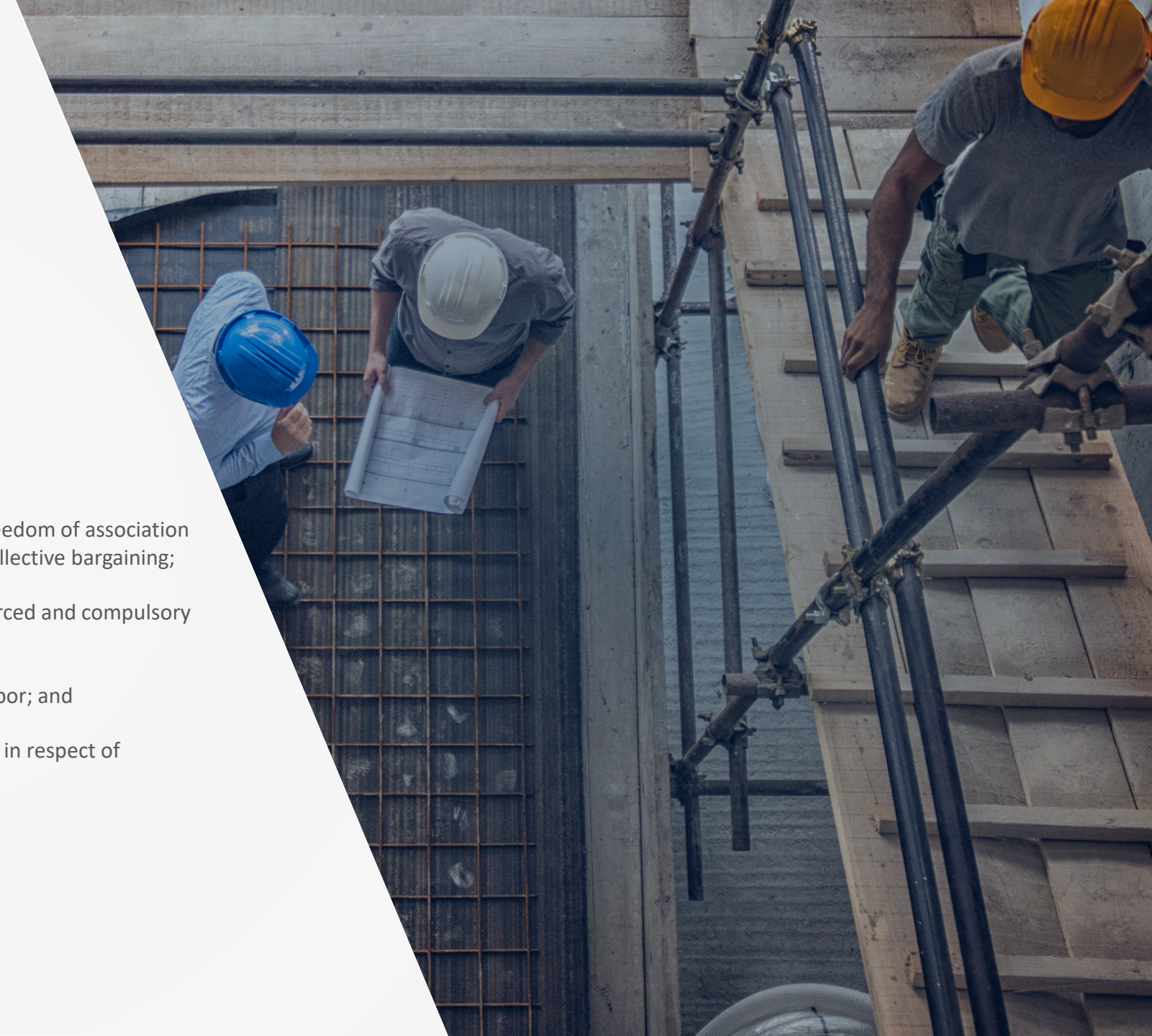
# Labor

**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
- 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 their rights and terms when starting the employment.





## EMPLOYEE WELL-BEING

Developing a sustainable organization is an important area of focus for Nordax. This is essentially a case of future-proofing the company by ensuring that it attracts and retains the right expertise, that engagement and leadership are both strong, that succession planning is in place for business-critical roles, and that Nordax is perceived to be a modern, equal and diverse organization.

Engaged employees are and will continue to be one of the key success factors in Nordax's work to be a sustainable organization. Nordax's activities in 2020 were affected by the pandemic. Initially, the bank's work related to securing our capacity to operate the business remotely and to transition to fully digital working processes. Team meetings, weekly meetings, employee reviews, daily standups, workshops, townhalls, etc. all continue to take place at the same frequency and with the same energy as before the pandemic.

As part of its desire to be an attractive, modern company, Nordax's holds the ambition for its employees to feel that they receive competitive and fair remuneration, and that staff should have a fair opportunity to achieve a reasonable work-life balance. This is supported by the shortened working hours adopted by the company. Diversity issues are important to Nordax in order for the company to be able to utilize the benefits of diversity and inclusion, while also ensuring that we can respond to our customers across our range of markets. Our work to broaden diversity is supported through measures such as our evidence-based recruitment platform which was successfully rolled out in 2019.

For further information regarding our work, measurements of outcomes and future ambitions within Labor, we refer to our 2020 Annual Report pages 15-22.



# 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 co-determination 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 that 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 2020 Annual Report pages 15-22.



# 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

Nordax's business has a relatively limited carbon footprint. The areas in which Nordax has an environmental impact are consumption of paper through the offering our products, as well as energy consumption in our workspace. In recent years, Nordax has implemented a number of initiatives with the aim of digitalizing and automating aspects of our business that lead to ecofriendly and more sustainable profits through reduced carbon emissions in the form of less paper consumption. Additionally, Nordax undertakes climate compensation in lieu of its paper consumption using the provider ZeroMission.

For further information regarding our work, measurements of outcomes and future ambitions within Environment, we refer to our 2020 Annual Report, pages 15-22.





# 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 times 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 2020 Annual Report pages 15-22.



# Anti corruption – business ethics

Nordax has developed a clear framework to ethical issues in general. This incorporates issues such as conflicts of interest, remuneration, corruption, incident management and customer complaints, whistleblowing, and conduct in the financial market and towards customers. The ethical framework has been communicated to all employees who also undergo training on a continuous basis. Nordax has also developed a code of conduct based on its ethical framework.

Furthermore, Nordax has developed more detailed rules, processes and training that apply to specific areas incorporated into the ethical framework. Nordax advocates transparency and encourages its employees to report any observations regarding suspected irregularities or unethical or illegal behavior within Nordax. Nordax's employees should always feel that there is someone for them to turn to regardless of what such a report relates to, which is why the bank has multiple reporting channels. Employees are also able to submit reports anonymously via Nordax's whistleblowing process. All cases that are reported are investigated with immediate effect and appropriate measures are implemented.

For further information regarding our work, measurements of outcomes and future ambitions within Anti-Corruption, we refer to our 2020 Annual Report pages 15-22.



Nordax Bank

