

# **Communication on Progress**

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## Background

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. In November 2021 Bank Norwegian was acquired by Nordax Bank AB (Nordax), making Bank Norwegian a subsidiary of Nordax and a part of the Nordax Group. We have more than 1,7 million customers across the Nordics, Germany, and Spain.

The Bank's investment in new technology, automated solutions and mobile apps provides efficient operations, low costs, great scalability, and high flexibility. The mobile app, which was launched in 2017, has become an increasingly important communication channel towards our customers. In 2021, the service has been further developed to improve operational reliability and user friendliness. During the year, customers logged in a total of 33.1 million times.

Bank Norwegian offers consumer loans, credit cards and deposit accounts to retail customers, distributed via the Internet in the European market. In the Nordics the Bank offers a combined credit card and reward card in cooperation with Norwegian Air Shuttle.

Today, Bank Norwegian is an established digital bank that successfully has taken the position as the Nordic champion within consumer finance. Bank Norwegian's vision is to become a leading European bank within consumer finance, offering our focused product portfolio with highly competitive terms through smooth and digital customer journeys to European customers.

Our passion is to improve customer experience through technology and deep customer insight. Around 120 employees across 16 nationalities work daily to offer attractive and customer friendly services to our customers.

## Statement of continued support by the Chief Executive Officer

Bank Norwegian promotes sustainable development and long-term value creation through responsible business operations. We will continue to support the United Nations (UN) Global Compact and are committed to making the UN Global Compact and its principles part of the strategy, culture, and daily operations of our company.

The ten fundamental principles of the UN Global Compact in the areas of human rights, labour standards, the environment and anti-corruption play a vital role in our sustainability efforts.

A more detail description of our performance and actions for 2021 can be found in our Sustainability report, and the Bank's annual report.

Best regards,

Bank Norwegian



Klara-Lise Aasen

CEO

## Communication on Progress – Bank Norwegian

The Bank became a member of the UN Global Compact (GC) in March 2019. The Bank shall annually submit a “Communication on Progress” (CoP) in accordance to GC Active standard. The CoP is a public disclosure to stakeholders on progress made toward implementing the Ten Principles of the UN Global Compact, and shall support broader UN goals and issues. The CoP serves to enhance transparency and accountability, drive continuous performance improvement, and provide a repository of corporate practices to promote dialogue and learning.

## Commitment to the UN Global Compact 10 Principles

Bank Norwegian shall adhere to the Ten Principles of the UN Global Compact and expects all business partners to do the same. The Bank remains committed to upholding the United Nations Global Compact’s Ten Principles on human rights, the environment, labour and anti-corruption. Guided by the principles we integrate sustainability in our business.

Bank Norwegian is furthermore working to support the UN Sustainable Development Goals. As part of the annual risk assessment, the Bank carried out a series of sustainability workshops to define the sustainability goals that the business has a positive and negative impact on. The Bank shall comply with and strive to positively influence the UN Sustainability Development Goals within its market area to achieve a better sustainable future.

## Description of actions

### Human rights

Actions the Bank has taken in the area of human rights:

- Bank Norwegian shall always act in accordance with universal human rights.
- The Bank is committed to conducting business in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations. As such, it adheres to the Code of Conduct, which has been devised to provide directors and employees with the required information to enable a proper understanding of their ethical responsibilities and on how to always conduct business with the highest levels of integrity. As such, the Bank ensures that business operations do not violate human rights principles.
- Bank Norwegian has a dedicated policy for Sustainability. This policy was adopted by the Board in 2020 and have been integrated into our daily operation.
- The Bank is an equal opportunity employer and aim at minimising the risk of any form of discrimination against employees. The Bank ensures that no employee is treated differently and that opportunities for employment, training and promotion are accessible to all candidates irrespective of their status (i.e. age, colour, creed, ethnic origin, impairment, marital status, place of origin, political opinion, race, sex or sexual orientation). In addition, the Bank ensures that selection for employment, promotion, transfer and training and access to benefits, facilities and services are fair and equitable and based on merit.
- The Bank has guidelines to ensure that there is no discrimination due to gender, ethnic background or religion in cases concerning pay, promotions and recruitment.
- The Bank has established guidelines for safeguarding employee health, safety and environment.
- All employees must undergo an annual review of the Bank’s Code of Conduct and other trainings relevant to the financial sector.

## Labour

Actions the Bank has taken in the area of labour:

- At Bank Norwegian, we see people as our most important asset. We aim to engage our employees by working with competence development, work-life balance and diversity.
- The Bank has established a culture that fosters collaboration, teamwork and individual growth.
- The Bank adheres to the Working Environment Act of Norway, and have routines for health, safety and the environment (HSE). We strive to create a safe and healthy working environment for our employees and focus on preventing work injuries.
- The Bank works towards a balanced workforce in terms of gender, age group and experience in order to tap into a wide range of knowledge, skills and specialist competencies towards achieving its business strategies.
- All employees have easy access to the Personnel Handbook through the intranet.
- All employees are invited to Town Hall meetings.
- The Bank offers employees flexibility in working hours, location, holidays etc.
- The Bank does not employ anyone below 18 years of age.
- Any employee can join a trade union.
- The Bank offers employee benefits such as insurance, health insurance and travel insurance for all employees.
- The Bank provides a pension scheme for all employees.
- There are workout facilities at the Bank's office.
- The Bank provides annual contribution for training related costs.
- The Bank carries out an annual appraisal dialog.
- The Bank conducts an annual HSE risk assessment and report.
- The Bank conducts employee surveys.
- Safety representatives are elected by the employees.
- The Bank places emphasis on the professional training and development of employees.
- The Bank has established routines for handling threats to employees and/or third parties.
- The Bank has established whistleblowing routines.

## Environment

Actions the Bank has taken in the area of environment:

- The Bank is fully digital and exclusively offers products and services on the website and app.
- Bank Norwegian has calculated its carbon emissions for 2021 at Myclimate and donated an offsetting amount for climate protection. Employees has been working from home for the most part. Activity at the office has been the main contributor for our emissions.
- All customers of the Bank are consumer customers and not companies. This significantly reduces the risk that the Bank finances customers who violate laws, regulations and/or local regulations in the area of environmental protection.
- The Bank's procedures and processes are largely automated with electronic documentation and communication that reduce paper consumption and transportation.
- The Bank aims for electronic invoicing for as many customers as possible and encourage all customers to select electronic invoicing solutions.
- In all marketing, the Bank uses digital channels and platforms rather than paper and posters.

- The Bank's offices are located in an energy efficient building. The building is Breeam-In-Use certified.
- The Bank's offices are well located in relation to public transport and facilitates charging of electric cars.
- Recycling:
  - Food, paper and residual waste.
- Disposal of IT equipment:
  - Disposed computers are sold to CHG-MERIDIAN Skien AS which guarantees safe handling, including recycling of parts that are not sold.
  - Other electronic and IT equipment is collected in a container in the office building. Franzefoss Gjenvinning AS is responsible for waste collection. Parts of the waste are reused or recycled into new materials, and the rest is handled at incineration plants. Hazardous waste is finally disposed of.
- Tone at the top: top management and the Board encourage sustainability work and initiatives and are leading by example. The Bank has established a sustainability policy that has been approved by the Board. All employees are encouraged to be aware of and contribute to the commitment to sustainability in Bank Norwegian.
- The Bank purchases server services from Basefarm and thus uses a modern server park. The Bank expects these suppliers to adhere to the UN Global Compact's Ten Principles.
- The Bank conducts risk analyses as part of the annual internal control process to identify any new risks or weaknesses in established control measures. This includes ESG risks which the Bank identifies and assesses annually. The Bank has established a framework for identifying ESG risks.
- The Bank has, through its Contingency Plan, ensured emergency procedures to prevent and address accidents affecting the environment and human health.
- Bank Norwegian has outsourced the asset management of its liquidity portfolio to an external asset manager. The asset manager is a large, established player in the Nordic market, with strong track record regarding ESG, and strong internal controls. The outsourcing agreement is based on detailed agreements, including mandates, from Bank Norwegian, along with strict regulations on ESG. The asset management is conducted under the asset managers ESG framework. Bank Norwegian shall not invest in activities, companies and industries which are excluded by NBIM (Norges Bank Investment Management) and the asset managers own "Exclusion list". There are specific activities, companies and industries in which Bank Norwegian does not invest. These include companies that violate fundamental ethical norms or impose substantial costs on society through their operations. By not investing in these companies, the Bank reduces exposure to unacceptable risks. We require that companies invested in meet the Bank's criteria for human and labour rights, corruption, serious environmental damage as well as production of tobacco and controversial weapons

## Anti-Corruption

Actions the Bank has taken in the area of anti-corruption:

- Business is carried out in markets with relatively low country risk. The Corruption Perceptions Index ranks and scores 180 countries and territories by their perceived levels of public sector corruption, according to experts and businesspeople. The Corruption Perception index (CPI)

ranks 180 countries and territories around the world by their perceived levels of public sector corruption. The results are given on a scale of 0 (highly corrupt) to 100 (very clean).

According to the Corruption Perceptions Index 2021, the markets in which the Bank operates scored as follows:

- Norway – 85
- Sweden – 85
- Denmark – 88
- Finland – 88
- Germany – 80\*
- Spain – 61\*\*

\*Entered market on November 10<sup>th</sup>, 2021

\*\*Entered market on October 25<sup>th</sup>, 2021

- The Bank exclusively serves consumer customers.
- All customers transactions are monitored.
- All customers are screened for “Politically Exposed Persons” (PEP) and “Counter Terrorism Financing” (CTF).
- Established a risk management framework to ensure that internal procedures support the Bank’s anti-corruption commitment. This includes:
  - Code of Conduct
  - Sustainability Policy
  - Conduct Risk Policy
  - Market Risk Policy
  - Credit Risk Policy
  - Financial Crime Policy
  - GDPR Policy
  - Conflict of Interest Policy
  - Whistleblowing Routines
  - New Product Approval policy
  - Outsourcing Policy
  - AML/CTF Policy
  - Operational Risk and Internal Control Policy
  - Compliance Policy
- We continuously assess AML/CTF risk, which is carried out by the bank, and facilitated by the second line of defence. As part of the third line of defence, internal audit reviews the AML/CTF area. Operational incidents are reported to the Head of Risk Management and the Board of Directors. Recommendations from the Internal Audit Function are recorded and followed up by the Head of Risk Management. Status of outstanding improvement measures are reported to the management and Board of Directors.
- The Bank’s Outsourcing Policy with attached Guidelines for Planning, Entering and Managing Outsourcing Arrangements ensures that the Bank will terminate contracts with business partners that does not adhere to the UN Global Compact’s 10 Principles and other requirements from the Sustainability Policy.

## Measurement of outcomes

Indicators to measure outcomes:

### Labour

- Gender balance: 50% women, 50% men;  
Top management: 29 % women, 71 % men (2 of 7)
- Age spread from 20 to 71 years:  
69% in the range 20 – 39 years  
31% in the range 40 – 71 years  
Average age: 37 years
- Employees have diverse backgrounds, with more than 16 different nationalities represented.
- Our 2021 employee survey documents the following metrics:  
Job satisfaction: 93%  
Perceived influence on individual worksituation: 87%  
Overall satisfaction with leader and employee relation: 93%
- We have adjustable sit-stand desks at the Bank's office.
- Fresh fruit and cantina and other employee services and benefits shared with other companies in the building.

### Environment

#### *Financial climate-related risks and opportunities*

Bank Norwegian is committed to meet the global challenges outlined in the Paris Agreement, which sets out a global goal to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C.

Bank Norwegian comply with the globally adopted recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), and in 2021 the Bank took steps to organize and govern a systematic approach to climate-related risks and opportunities. Starting in 2021 and continuing in 2022, the Bank has conducted three workshops to determine strategy and risk management in accordance with the TCFD framework.

#### **Governance**

The Board of Directors has the overall responsibility for governance of risk management, and climate-related issues will be an integrated part of Bank Norwegian's overall business strategy. Risk management is a key element in the Board of Directors' yearly planning cycle, and the Board's risk responsibility is also described in the Corporate Governance chapter in the Bank's annual report for 2021. The Management Team, led by the CEO, is responsible for assessing and managing climate-related risks and opportunities.

#### **Strategy and Scenarios**

To understand the impact of climate-related risks and opportunities, Bank Norwegian has identified scenarios in a short, medium, and long-term perspective. The objective has been to test the resilience of the Bank Norwegian's strategy against the different scenarios. In accordance with the TCFD recommendations, the climate-related risks and opportunities have been evaluated as physical risks

(which arise from the changes in weather and climate that impact the economy), and transition risks (which arise from the transition to a low-carbon economy).

*Donation to climate protection:*

Bank Norwegian has calculated and compensated for the Company's yearly CO2 footprint related to energy (power consumptions), employees' journey to and from work (mobility), business trips, board meetings, material and waste. Our employees have been situated at home due to Covid-19 regulations, and therefore we have a small footprint in 2021. The calculation indicates that our ~120 FTE is offsetting for 13 tons CO2 with a value of EUR 329. The Bank's contribution to Climate Protection also includes a small donation for Climate Education.