

Communication on progress

2022-11-25

 **Nordax Bank**

WE SUPPORT





CEO Comments

I am pleased to yet again confirm Nordax Bank's 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 and we will continue implementing these principles, thereby making them an even more integrated part of our business strategy, culture and daily operations. The ten principles, as well as the Sustainable Development Goals and what they represent are at the very core of Nordax's business.

This Communication on Progress (COP) describes our support and work around the above principles, together with our attached 2021 Annual Report. We also commit to the continued annual reporting according to the COP policy.

The reporting includes:

- 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.
- 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).
- 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 is a leading specialist bank in Northern Europe with strong owners in the form of Nordic Capital Fund IX, Nordic Capital Fund VIII and Sampo. We have around 2 million private customers, of which just under 1.2 million are credit card customers, in the Nordic countries, Spain, Germany and the Netherlands.

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 mortgages, credit cards and savings accounts.

In November 2021, Nordax Bank acquired Bank Norwegian ASA, which brought not only a large number of customers to the Group but also complementary strengths in product expertise, digital distribution and geographical presence. Since 2019, Svensk Hypotekspension, which is a specialist in equity release products, is a wholly owned subsidiary of Nordax Bank. The Group has just under 600 employees, with offices in Stockholm, Malmö, Gothenburg and Fornebu, Oslo.

The credit assessment process is one of Nordax's core competences. It is thorough, sound and data driven. Nordax's customers are financially stable. As at 31 December 2021, lending to the public amounted to SEK 70.7 billion and deposits to SEK 67.4 billion.

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 actions taken in order to implement the Global Compact ten principles will follow with a reference to the Sustainability Report which is part of the Annual Report 2021.

Our governing documents

Nordax has a number of governing documents that support and guide our employees in their day-to-day work.

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.

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.

The policies are easily available to all employees who are affected by them.

Code of conduct and other policies

The 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. All employees are being introduced to the code and receive 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 and Safety
- Remuneration policy
- Financial Crime policy
- Anti-Bribery Guideline
- Complaints Management Policy
- Outsourcing Policy
- Privacy Policy
- Information Security Policy

Sustainability policy

During 2017 Nordax adopted a Sustainability policy, which describes our work and governance within the sustainability area. 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 also directed at our own impact on the environment, ensuring high standards of information security and combating financial crime.

Our contribution to Global Compact's ten principles corresponds with our overall agenda within sustainability, as described in the Sustainability policy.

Actions taken and results of the above mentioned can be found in our 2021 Annual Report and progress and future ambitions will be further communicated in the Annual report for 2022, which will also capture the joint focus of Nordax and Bank Norwegian.

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 2021 Annual Report pages 13-19.

The principles

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.

Our actions

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 2021 Annual Report pages 13-19.

The principles

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.

Our actions

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 and Safety
- 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. On the back of the pandemic the way of working has changed and Nordax now offers a more flexible approach with a combination of working remote and working from the office. 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. Also, the concept of "collaboration days" has been introduced where all employees are encouraged to attend the office in order to spur inspiration and collaboration within and between teams.

As part of its desire to be an attractive and 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.

Collective bargaining agreement

Nordax has currently 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 survey in 2021 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 2021 Annual Report pages 13-19.



The principles

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

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

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

Our actions

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 of 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, automating and reviewing aspects of our business that has lead to reduced carbon emissions in the form of less paper consumption and a more efficient use of electricity.

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 2021 Annual Report, pages 13-19.

The principles

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

Our actions

Nordax wants to contribute to an ethical business community, which is fundamental for the confidence in the financial markets. 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.

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 Guideline
- Complaints Management Policy
- 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

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, 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 trainings 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. 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 2021 Annual Report pages 13-19.

